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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

DOCUMENTS DEPT.

JAN - 5 2006

Special Meeting

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Monday, January 9, 2006
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

CALL TO ORDER

ROLL CALL

- Committee Chair Karen Breslin
- Committee Member Scott Heldfond
- Committee Member James Deignan
- Committee Member, Sup. Sean Elsbernd
- Committee Member Sharon Johnson
- Committee Member Mitch Katz, M.D.
- Committee Member Claire Zvanski

01092006RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:

- December 20, 2005

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS:

ACTION:

01092006RB-02	ACTION ITEM	DETERMINATION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)
01092006RB-03	ACTION ITEM	<p>STAFF RECOMMENDATIONS:</p> <ol style="list-style-type: none"> 1. Make no changes to plan design. 2. Accept Towers Perrin recommendation for 0% increase in rates. <p><i>Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.</i></p> <p>PUBLIC COMMENTS:</p> <p>ACTION:</p>
01092006RB-04	ACTION ITEM	<p>DETERMINATION OF HEALTH SERVICE SYSTEM TRUST FUND SUBSIDIES OF MEDICAL PLAN RATES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)</p> <p>STAFF RECOMMENDATIONS:</p> <ol style="list-style-type: none"> 1. Approve subsidy of \$12 million for City Health Plan rates. 2. Approve subsidy of \$3.5 million for HMO rates. <p><i>Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.</i></p> <p>PUBLIC COMMENTS:</p> <p>ACTION:</p>

- 01092006RB-05 DISCUSSION ITEM OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.
PUBLIC COMMENTS:
- 01092006RB-06 DISCUSSION ITEM OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.
PUBLIC COMMENTS:
- ADJOURN

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are encouraged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete [Rules and Regulations](#) (Section A) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at the meeting upon request. Call the Commission Secretary, Arnetta Brown, for further assistance at (415) 554-1727.

HEALTH SERVICE BOARD AND THE HEALTH SERVICE SYSTEM WEB SITE

<http://hss.sfgov.org>

DISABILITY ACCESS

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KNOWING YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94103-4689, by phone at 415 554 7724, by fax at 415 554 7854; or by email at soft@sfgov.org.

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SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

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- The use of the mobile phone (other than the terminal) in the meeting room of any person(s) in violation of this rule.
- The use of the emergency alarm is entitled to a special permit to return to the meeting following an agreement to comply with this rule. See [Permit Procedure](#) and [Article 67](#) of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service Board.



City & County of San Francisco

HEALTH SERVICE BOARD

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RATES & BENEFITS COMMITTEE

MINUTES

Special Meeting

Monday, January 9, 2006
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1 Dr. Carlton B. Goodlett Place
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CALL TO ORDER

ROLL CALL

Committee Chair Karen Breslin
Committee Member Scott Heldfond
Committee Member James Deignan, Excused
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

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01092006RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE
MINUTES OF THE FOLLOWING MEETING:

- December 20, 2005

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS: None

ACTION: Motion was moved and seconded by the Committee to approve the minutes of December 20, 2005. Motion passed 6 to 0.

<input type="checkbox"/> 01092006RB-02	ACTION ITEM	DETERMINATION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)
STAFF RECOMMENDATIONS:		
<ol style="list-style-type: none">1. Make no changes to plan design.2. Accept Towers Perrin's recommendation for 0% increase in rates.		
<i>Documents provided to Committee prior to meeting: Plan 1, a two page report prepared by Towers Perrin (Schedule #1).</i>		
PUBLIC COMMENTS: None		
ACTION: Motion was moved and seconded by the Committee to approve staff recommendations for the City Health Plan Rates and Benefits for Plan Year 2006-2007. Motion passed 6 to 0.		
<input type="checkbox"/> 01092006RB-03	ACTION ITEM	DETERMINATION OF HEALTH SERVICE SYSTEM TRUST FUND SUBSIDIES OF MEDICAL PLAN RATES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)
STAFF RECOMMENDATIONS:		
<ol style="list-style-type: none">1. Approve subsidy of \$12 million for City Health Plan rates.2. Approve subsidy of \$3.5 million for HMO rates.		
<ul style="list-style-type: none">▪ <i>Documents provided to Committee prior to meeting: Report prepared by Towers Perrin titled: CCSF Trust Fund Subsidy Discussion Exhibit for Plan Year 2006-2007 (Schedule #2) and the CCSF Trust Fund Subsidy Discussion (Schedule #3).</i>▪ Commissioner Sharon Johnson presented to the Committee a statement outlining her concerns regarding the trust fund usage (Schedule #4).		
PUBLIC COMMENTS:		
<ul style="list-style-type: none">▪ Nancy Gin thanked Commissioner Sharon Johnson for her statements regarding the trust fund sage.▪ Diane Hermann stated that in addition to Commissioner Sharon Johnson's statement, she would like to include her concerns regarding usage of money given back to the City from the trust fund.▪ Noel Simmons of the Mayor's Budget Office		

responded to Commissioner Sharon Johnson's request on how the City uses the money that it gets back from the trust fund.

- Gerry Meister stated that she supports the comments made by Commissioner Johnson and Nancy Gin.
- Commissioner Breslin requested that a copy of Commissioner Johnson's statement be available for distribution at the next HSB meeting.

ACTION: Motion was moved and seconded by the Committee to approve the staff recommendations in regards to the determination of Health Service System Trust Fund Subsidies of Medical Plan Rates for Plan Year 2006-2007. Motion passed 6 to 0.

01092006RB-04 ACTION ITEM APPROVAL OF SUMMARY OF RATES AND BENEFITS FOR PLAN YEAR 2006-2007 (FOR SUBMITTAL TO BOARD OF SUPERVISORS), SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)

STAFF RECOMMENDATIONS: Approve Summary

- *Documents provided to Committee prior to meeting:*
 - *Memo from Bart Duncan, dated January 5, 2006 (Schedule #5) regarding the Proposed Summary of Rates and Benefits for Plan Year 2006-07.*
 - *Sample Towers Perrin report of 2005-06 Health Plan Benefits, Rates and Contributions (Schedule #6)*
 - *Summary of Rates and Benefits Decisions for the 2006-2007 Plan Year (Schedule #7)*
- Supervisor Sean Elsbernd assured the Committee of his approval of the Summary of the Rates and Benefits for Plan Year 2006-07 and that he does not anticipate any problems with the summary being able to move forward when it reaches the BOS and the Mayor's Office.

PUBLIC COMMENTS: None

ACTION: Motion was moved and seconded by the Committee to approve the Summary of the Rates and Benefits for Plan Year 2006-2007. Motion passed 6 to 0.

<input type="checkbox"/> 01092006RB-05	DISCUSSION ITEM	OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.
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- Commissioner Karen Breslin stated that this is the last Rates and Benefits Committee meeting for FY 2006-07. All of the action items approved at this meeting will be placed on the next HSB agenda and presented to the Full Board for final approval.

She extended many thanks to everyone that contributed to the success of the Rates & Benefits meeting, which include special thanks to (1) all of the vendors, HMOs, and Towers Perrin for their help and for their efforts to have all of their reports completed promptly prior to each meeting and (2) Bart Duncan and staff and all of the HSB commissioners for their hard work.

.**PUBLIC COMMENTS:**

- Nancy Gin thanked Commissioner Breslin for her hard work and achievements as Chair of the Rates and Benefits Committee.
- Gerry Meister thanked everyone for their efforts which contributed to the success of the Rates & Benefits Committee meetings.

<input type="checkbox"/> 01092006RB-06	DISCUSSION ITEM	OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.
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PUBLIC COMMENTS: None

ADJOURN 1:36 PM

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City & County of San Francisco

HEALTH SERVICE BOARD

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RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Thursday, October 12, 2006
1:30 PM

DOCUMENTS DEPT.

OCT 10 2006

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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10-10-06A10:06 RCVD

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

10122006RB-01 DISCUSSION ITEM OVERVIEW OF SCHEDULE, PROCESS AND STRATEGIC GOALS FOR THIS YEAR'S RATES & BENEFITS CYCLE
(Scott Heldfond)

Documents provided to Committee prior to meeting: Overview of Meeting Schedule.

PUBLIC COMMENTS:

□ 10122006RB-02 DISCUSSION ITEM **STATUS REPORT ON 10-COUNTY SURVEY FOR FISCAL YEAR 2007-2008 (Bart Duncan)**
Documents provided to Committee prior to meeting: None.
PUBLIC COMMENTS:

10122006RB-03 DISCUSSION ITEM **STATUS REPORT ON RFP #HSS2006-02 FOR HMO AND EPO PLANS (Bart Duncan):**
Documents provided to Committee prior to meeting: None.
PUBLIC COMMENTS:

10122006RB-04 DISCUSSION ITEM **STATUS REPORT ON DELTA DENTAL QUOTE FOR ASO SERVICES (Mercer):**
Documents provided to Committee prior to meeting: None.
PUBLIC COMMENTS:

10122006RB-05 DISCUSSION ITEM **RETROSPECTIVE REVIEW OF SELF-INSURED PLAN RATES AND PRELIMINARY FORECAST OF NECESSARY ADJUSTMENTS FOR PLAN YEAR 2007-2008 (Mercer):**

- Composite Dental Rates for Active City and County Employees
- City Health Plan Rates

Documents provided to Committee prior to meeting: (i) Overview of City Health Plan Rates prepared by Mercer; and (ii) Overview of Composite Dental Rates prepared by Mercer.
PUBLIC COMMENTS:

□ 10122006RB-06 DISCUSSION ITEM **OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (Scott Heldfond)**
PUBLIC COMMENTS:

□ 10122006RB-07 DISCUSSION ITEM **OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.**
PUBLIC COMMENTS:

□ 10122006RB-08 DISCUSSION ITEM **OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.**
PUBLIC COMMENTS:

□ ADJOURN

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MINUTES

Special Meeting

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NOV - 6 2006

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CALL TO ORDER

ROLL CALL Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D., *Excused*
Committee Member Claire Zvanski

10122006RB-01 DISCUSSION ITEM OVERVIEW OF SCHEDULE, PROCESS AND STRATEGIC GOALS FOR THIS YEAR'S RATES & BENEFITS CYCLE
(Scott Heldfond)

Documents provided to Committee prior to meeting: Overview of Meeting Schedule.

- Chair Heldfond commented briefly on some of the changes that have taken place at the Health Service System, such as the independence of the department and the selection of new advisors (Mercer Health and Benefits). He also noted that the initial responses to the RFP suggests that incumbent vendors are not necessarily acting as

long-term partners. He added that the preliminary pricing information of the proposals received from vendors will necessitate that the Rates and Benefits Committee use all of the Health Service System's tools to protect the benefits provided to members at a reasonable cost.

- Bart Duncan presented a handout which outlined the big-picture overview of the rates and benefits process for the 2007-2008 Plan Year. He also welcomed the new Mercer team to the process and acknowledged the work they have taken over and the new projects undertaken.

PUBLIC COMMENTS: None.

10122006RB-02 DISCUSSION ITEM

STATUS REPORT ON 10-COUNTY SURVEY FOR FISCAL YEAR 2007-2008 (Bart Duncan)

Documents provided to Committee prior to meeting: None.

- Bart Duncan reported that the 10-County Survey has been distributed, and a few responses have been received. While it is too soon to predict a pattern, the increases in Southern California counties were lower than Northern California counties. It is not currently expected that the 10-County Survey increase will be substantially higher than last year's amount.

PUBLIC COMMENTS: None.

10122006RB-03 DISCUSSION ITEM

STATUS REPORT ON RFP #HSS2006-02 FOR HMO AND EPO PLANS(Bart Duncan):

Documents provided to Committee prior to meeting: None.

- Bart Duncan reported the following:
- As of September 15, 2006, the Health Service System had received proposals from all of the incumbent plans and three new vendors, Pacificare, Aetna and Chinese Community Health Plan.
- Because of the limited network of the Chinese Community Health Plan, staff does not intend to recommend such proposal to the Screening Panel.
- The vendors have been asked to re-price their proposals with a 9% increase. If a 9% increase

cannot be achieved, a request for possible changes in plan design regarding cost sharing has been made.

- The revised proposals are due on October 13, 2006.
- Chair Heldfond noted that some terminology used during the Rates and Benefits meetings may be unfamiliar to members of the audience. He encouraged anyone unclear on the terms to ask for clarification.

PUBLIC COMMENTS: Gerry Meister, retired teacher, suggested having a glossary prepared for the rates and benefits process so that the terminology is understood by everyone.

10122006RB-04 DISCUSSION ITEM

STATUS REPORT ON DELTA DENTAL QUOTE FOR ASO SERVICES (Mercer):

Documents provided to Committee prior to meeting: None.

- Rhys Evans of Mercer provided a brief update on the ASO fee renewal for the self-funded employee dental plan. He reported that Mercer has received the necessary documentation from Delta Dental. The current proposal is to maintain the existing \$4.60 per employee per month rate until June 30, 2010. Discussions with Delta are continuing.

PUBLIC COMMENTS: None.

10122006RB-05 DISCUSSION ITEM

RETROSPECTIVE REVIEW OF SELF-INSURED PLAN RATES AND EXPERIENCE (Mercer):

- Composite Dental Rates for Active City and County Employees
- City Health Plan Rates

Documents provided to Committee prior to meeting: (i) Overview of City Health Plan review, prepared by Mercer; and (ii) Overview of Composite Dental Rates review, prepared by Mercer.

- Rhys Evans reported that Mercer had compared monthly claims and enrollment data from July 2004 through August 2006 (plan years 2004-05, 2005-06, 2006-07). He stated that the overall claims experience of the City Health Plan has been favorable (medical, pharmacy), and noted that retirees with and without Medicare were

included in the analysis. Going forward, claims for active members and non-Medicare retirees will be analyzed for accurate information.

- At Chair Heldfond's request, Mr. Evans introduced the other Mercer team members: Gillian Printon and Gerry Murphy.
- Mr. Evans reported that the overall Delta Dental claims experience has been favorable. A slight overage occurred in the 2005-06 plan rates by \$2 million (approximately a half-month of average claims cost). Mercer will review how to recognize the \$2 million overage for the 2005-06 plan year, and how rates might be impacted going forward.

PUBLIC COMMENTS: John Madden, retired City employee, suggested that the Board review the revenue derived from various sources (i.e., active members, retirees with Medicare and without Medicare) to ensure that all members are paying the same amount into the Health Service System.

10122006RB-06 DISCUSSION ITEM

OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (Scott Heldfond)

- Chair Heldfond announced that the next Rates and Benefits Committee meeting will be held on October 30, 2006 at 10:00 a.m. in Room 416 at City Hall.
- The target date to complete the rates and benefits process is January 12, 2007.

PUBLIC COMMENTS: None.

10122006RB-07 DISCUSSION ITEM

OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.

PUBLIC COMMENTS: None.

10122006RB-08 DISCUSSION ITEM

OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.

PUBLIC COMMENTS: None.

ADJOURN: 2:52 PM

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SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

DOCUMENTS DEPT.

Special Meeting

OCT 26 2006

Monday, October 30, 2006
10:00 AM

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PUBLIC LIBRARY

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

10-26-06A08:00 RCVD

FOCUS OF MEETING: SELF-INSURED PLAN RATES

CALL TO ORDER

ROLL CALL

Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

10302006RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF
THE MINUTES OF THE FOLLOWING MEETING:

- October 12, 2006

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS:

ACTION:

□ 10302006RB-02	DISCUSSION ITEM	UPDATE ON REPORT ON 10-COUNTY SURVEY FOR FISCAL YEAR 2007-2008 (Bart Duncan)
		<i>Documents provided to Committee prior to meeting: None.</i>
		PUBLIC COMMENTS:
□ 10302006RB-03	ACTION ITEM	DETERMINATION OF DENTAL RATES AND BENEFITS FOR DELTA DENTAL PLAN FOR ACTIVE EMPLOYEES FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan and Mercer Team)
		STAFF RECOMMENDATIONS:
		<ol style="list-style-type: none"> 1. ASO Renewal: Accept multi-year renewal with no more than a 0% increase in administration fee. 2. Premium Equivalents: Set premium equivalents at rates recommended by Mercer in below-referenced report.
		<i>Documents provided to Committee prior to meeting: Report prepared by Mercer.</i>
		PUBLIC COMMENTS:
		ACTION:
□ 10302006RB-04	ACTION ITEM	DETERMINATION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan and Mercer Team)
		STAFF RECOMMENDATIONS:
		<ol style="list-style-type: none"> 1. Plan Design: Make no changes. 2. Premium Equivalents: Set premium equivalents as recommended by Mercer in below-referenced report (which includes a subsidy from the Trust Fund), subject to verification of the final 10-County Amount.
		<i>Documents provided to Committee prior to meeting: Report prepared by Mercer.</i>
		PUBLIC COMMENTS:
		ACTION:
10302006RB-05	DISCUSSION ITEM	UPDATED STATUS REPORT ON RFP #HSS2006-02 FOR HMO AND EPO PLANS (Bart Duncan):
		<i>Documents provided to Committee prior to meeting: None.</i>

PUBLIC COMMENTS:

<input type="checkbox"/> 10302006RB-06	DISCUSSION ITEM	OVERVIEW OF THE FOLLOWING POSSIBLE PLAN MODEL, WHICH FEATURES A HIGHER DEGREE OF SELF-INSURANCE THAN CURRENT FULLY-INSURED HMO PLANS; (Bart Duncan and Mercer Team) <ul style="list-style-type: none">■ Flex-funded HMO <p><i>Documents provided to Committee prior to meeting: Overview prepared by Mercer.</i></p>
<p>PUBLIC COMMENTS:</p>		
<input type="checkbox"/> 10302006RB-07	DISCUSSION ITEM	OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (Scott Heldfond)
<p>PUBLIC COMMENTS:</p>		
<input type="checkbox"/> 10302006RB-08	DISCUSSION ITEM	OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.
<p>PUBLIC COMMENTS:</p>		
<input type="checkbox"/> 10302006RB-09	DISCUSSION ITEM	OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.
<p>PUBLIC COMMENTS:</p>		
<p><input type="checkbox"/> ADJOURN</p>		

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

MINUTES

Special Meeting

Monday, October 30, 2006
10:00 AM

DOCUMENTS DEPT.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

NOV 16 2006

SAN FRANCISCO
PUBLIC LIBRARY

FOCUS OF MEETING: SELF-INSURED PLAN RATES

CALL TO ORDER

ROLL CALL

Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan, *Excused*
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson, *Excused*
Committee Member Mitch Katz, M.D., *Excused*
Committee Member Claire Zvanski

10302006RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF
THE MINUTES OF THE FOLLOWING MEETING:

- October 12, 2006

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Board to approve the minutes of October 12, 2006.

Motion passed 4-0.

10302006RB-02 **DISCUSSION ITEM**

UPDATE ON REPORT ON 10-COUNTY SURVEY FOR FISCAL YEAR 2007-2008 (Bart Duncan)

Documents provided to Committee prior to meeting: None.

- Bart Duncan reported that staff is following up with the counties that have not responded to the 10-County Survey, and noted there has been no change in information from the last Rates and Benefits Committee meeting (October 12, 2006). For planning purposes, staff is assuming an increase of no more than 9% in the 10-County amount.

PUBLIC COMMENTS: None.

10302006RB-03 **ACTION ITEM**

DETERMINATION OF DENTAL RATES AND BENEFITS FOR DELTA DENTAL PLAN FOR ACTIVE EMPLOYEES FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan and Mercer Team)

STAFF RECOMMENDATIONS:

1. ASO Renewal: Accept multi-year renewal with no more than a 0% increase in administration fee.
2. Premium Equivalents: Set premium equivalents at rates recommended by Mercer in below-referenced report.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Rhys Evans of Mercer reported the following:
- Delta Dental has revised its ASO fee proposal to \$4.38 per employee per month (compared to \$4.60 in the original proposal) which represents a reduction of approximately \$70,000 per year in City and County of San Francisco costs.
- The new proposal has a three-year guarantee through June 30, 2010.
- The \$2 million overage from the 2005-2006 plan year has been applied to the 2007-2008 employer premium rate.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the

Board to accept the dental rates for active employees and communicate to the employer the savings realized of over \$2 million. Motion passed 4-0.

DETERMINATION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD
(Bart Duncan and Mercer Team)

STAFF RECOMMENDATIONS:

1. Plan Design: Make no changes.
2. Premium Equivalents: Set premium equivalents as recommended by Mercer in below-referenced report (which includes a subsidy from the Trust Fund), subject to verification of the final 10-County amount.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Rhys Evans of Mercer reported the following:
 - Mercer has worked closely with Uniprise to resolve the allocation of cost issue among the separate groups (active employees, non-Medicare retirees, Medicare retirees).
 - The 2007-08 medical and pharmacy cost projections reflect the following:
 - Employee costs are projected higher than the current 2006-2007 rates;
 - Non-Medicare retiree projected costs are comparable with 2006-2007 rates;
 - Medicare retiree projected costs are expected to be lower than current 2006-2007 rates.
 - It has been suggested that a subsidy from the Trust Fund be applied to reduce rate variability.
 - The estimated Trust Fund subsidy is \$8.5 million.
 - Bart Duncan pointed out that the goal is to reduce dependency on subsidy over time, and that the City Plan subsidy for the prior year was \$12 million.

PUBLIC COMMENTS: Claire Dunne, who spoke on behalf of the retired City employees and retired teachers, expressed her excitement regarding the

breakdown of the various categories (active, retired with Medicare, retired without Medicare), which was previously requested.

John Madden, retired City employee, commented on the change in the way surplus funds are apportioned in the City Plan.

ACTION: Continue discussion at future meetings.

10302006RB-05 **DISCUSSION ITEM**

UPDATED STATUS REPORT ON RFP #HSS2006-02 FOR HMO AND EPO PLANS(Bart Duncan):

Documents provided to Committee prior to meeting: None.

- Bart Duncan reported the following:
- A screening panel will meet this week to review all of the proposals and provide scoring.
- The November 9, 2006 Rates and Benefits Committee meeting will include presentations by the vendors selected by the screening panel.
- The November 9, 2006 Rates and Benefits Committee meeting will be held immediately following the regular Board meeting.
- Supervisor Elsbernd stated that he will not be able to attend the November 9 meetings, and requested an alternative arrangement in order to receive the same presentations on another date.

PUBLIC COMMENTS: None.

<input type="checkbox"/> 10302006RB-06	DISCUSSION ITEM	OVERVIEW OF THE FOLLOWING POSSIBLE PLAN MODEL, WHICH FEATURES A HIGHER DEGREE OF SELF-INSURANCE THAN CURRENT FULLY-INSURED HMO PLANS: (Bart Duncan and Mercer Team)
		<ul style="list-style-type: none"> ▪ Flex-funded HMO <p><i>Documents provided to Committee prior to meeting: Overview prepared by Mercer.</i></p> <ul style="list-style-type: none"> ▪ Bart Duncan reported that one of the objectives for this year's Rates and Benefits process is to look at possibilities for increasing self-insurance as a way to control costs over the long term. Therefore, Mercer was asked to prepare a discussion on a flex-funded HMO. ▪ Gillian Printon of Mercer presented an overview of the funding models under review through the HMO RFP. She stated that the potential new flex-funded HMO model introduces a greater degree of self-insurance than currently exists in the HMO models. She also presented a glossary of key terms to be used to describe the models, which will be updated as new terms and concepts are introduced to the plans.
		<p>PUBLIC COMMENTS: Gerry Meister, retired teacher, expressed her appreciation for having the glossary provided, which was at her suggestion.</p> <p>Jean Thomas, retired teacher, asked how the flex-funded HMO would affect members.</p> <p>Bart Duncan responded that the flex-funded HMO would have a plan design similar to current HMO plans; the difference would be how the plan is funded.</p>
<input type="checkbox"/> 10302006RB-07	DISCUSSION ITEM	OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (Scott Heldfond)
		<ul style="list-style-type: none"> ▪ Chair Heldfond commended Mercer on their first full presentation to the Board. ▪ Supervisor Elsbernd expressed his interest in public comment on the November 9 vendor presentations.
		<p>PUBLIC COMMENTS: None.</p>
<input type="checkbox"/> 10302006RB-08	DISCUSSION	OPPORTUNITY TO PLACE ITEMS ON FUTURE

ITEM	AGENDAS.
	PUBLIC COMMENTS: None.
<input type="checkbox"/> 10302006RB-09	DISCUSSION ITEM
	OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.
	PUBLIC COMMENTS: None.
<input type="checkbox"/> ADJOURN:	11:25 A.M.

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HEALTH SERVICE BOARD AND THE HEALTH SERVICE SYSTEM WEB SITE

<http://myhss.sfgov.org>

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City & County of San Francisco

HEALTH SERVICE BOARD

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RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

DOCUMENTS DEPT.

NOV - 3 2006

Thursday, November 9, 2006
2:00 PM

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City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

11-03-06P01:59 RCVD

FOCUS OF MEETING: HMOs – FULLY INSURED AND FLEX FUNDED OPTIONS

CALL TO ORDER

ROLL CALL Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

11092006RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF
THE MINUTES OF THE FOLLOWING MEETING:

- October 30, 2006

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS:

ACTION:

□ 11092006RB-02	DISCUSSION ITEM	UPDATE ON 10-COUNTY SURVEY FOR FISCAL YEAR 2007-2008 (Bart Duncan) <i>Documents provided to Committee prior to meeting: None.</i> PUBLIC COMMENTS:
□ 11092006RB-03	DISCUSSION ITEM	REPORT ON STAFF AND SCREENING PANEL RECOMMENDATIONS REGARDING RFP #HSS2006-02 FOR HMO AND EPO PLANS (Bart Duncan) <i>Documents provided to Committee prior to meeting: Memorandum from Director dated November 9, 2006.</i> PUBLIC COMMENTS:
11092006RB-04	DISCUSSION ITEM	PRESENTATIONS BY THE FOLLOWING RESPONDENTS TO RFP #HSS2006-02 FOR HMO AND EPO PLANS, AS RECOMMENDED BY THE SCREENING PANEL (Respective Plan Representatives): RECOMMENDED RESPONDENTS: <ul style="list-style-type: none">▪ Staff Model HMO – Kaiser▪ IPA Model HMO – Health Net▪ Flex Funded HMO – United/PaciFiCare BACKUP RESPONDENT: <ul style="list-style-type: none">▪ Blue Shield <i>Documents provided to Committee prior to meeting: None.</i> PUBLIC COMMENTS:
□ 11092006RB-05	ACTION ITEM	AUTHORIZATION OF STAFF, WORKING WITH MERCER, TO ENTER INTO NEGOTIATIONS WITH THE RECOMMENDED RESPONDENTS SPECIFIED IN ITEM 4 ABOVE FOR THE RESPECTIVE TYPES OF HMO PLANS DESCRIBED IN ITEM 4 ABOVE, FOR PRESENTATION AT NEXT RATES AND BENEFITS COMMITTEE MEETING (WITH CONTINGENT AUTHORIZATION TO ENTER INTO NEGOTIATIONS WITH BACKUP RESPONDENT IF NEGOTIATIONS WITH A RECOMMENDED RESPONDENT PRODUCE UNSATISFACTORY RESULTS) (Bart Duncan) STAFF RECOMMENDATION: Provide such authorization. <i>Documents provided to Committee prior to meeting: None.</i> PUBLIC COMMENTS: ACTION:

- 11092006RB-06 DISCUSSION ITEM **OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (Scott Heldfond)
PUBLIC COMMENTS:
- 11092006RB-07 DISCUSSION ITEM **OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.**
PUBLIC COMMENTS:
- 11092006RB-08 DISCUSSION ITEM **OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.**
PUBLIC COMMENTS:

ADJOURN

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S. Scott



City & County of San Francisco

HEALTH SERVICE BOARD

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RATES & BENEFITS COMMITTEE

DRAFT MINUTES

Special Meeting

Thursday, November 9, 2006
2:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

DOCUMENTS DEPT.

JAN - 8 2007

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FOCUS OF MEETING:

HMOs – FULLY INSURED AND FLEX FUNDED OPTIONS

- CALL TO ORDER**
- ROLL CALL** Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd, *Excused*
Committee Member Sharon Johnson, *Excused*
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski
- 11092006RB-01** **ACTION ITEM** **APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:**
 - October 30, 2006**STAFF RECOMMENDATION:** Approve Minutes.
Documents provided to Committee prior to meeting: Draft minutes.
PUBLIC COMMENTS: None.
ACTION: Motion was moved and seconded by the Board to approve the minutes of October 30, 2006.

Motion passed 5-0.

<input type="checkbox"/> 11092006RB-02	DISCUSSION ITEM	UPDATE ON 10-COUNTY SURVEY FOR FISCAL YEAR 2007-2008 (Bart Duncan) <i>Documents provided to Committee prior to meeting: None.</i> <ul style="list-style-type: none">▪ Bart Duncan reported that seven of the ten counties have responded to the Survey, and it is still anticipated that the target will be between 8% to 10%.
		PUBLIC COMMENTS: Sylvia Johnson, a member of the public sector, stated that she intended to write a letter to the Board regarding the HMO plans.
<input type="checkbox"/> 11092006RB-03	DISCUSSION ITEM	REPORT ON STAFF AND SCREENING PANEL RECOMMENDATIONS REGARDING RFP #HSS2006-02 FOR HMO AND EPO PLANS (Bart Duncan) <i>Documents provided to Committee prior to meeting: Memorandum from Director dated November 9, 2006.</i> <ul style="list-style-type: none">▪ Bart Duncan reported the following:<ul style="list-style-type: none">▪ The names of the screening panel members were provided in his memorandum, although it is not necessary at this stage of the process.▪ The plan proposals were ranked in order of scoring:<ul style="list-style-type: none">○ United/PaciFiCare scored highest and was recommend for the flex-funded model HMO;○ Health Net scored second and was recommended for the IPA model HMO;○ Kaiser scored third and was recommended for the staff model HMO;○ Blue Shield scored slightly lower than Kaiser and was recommended as a back-up respondent.▪ The contracts are far from being finalized and if any one of the recommended plan proposals is unable to move forward with an acceptable contract, negotiations would be entered into with the recommended back-up respondent (Blue Shield).

- The Board is not being asked to approve a Rates and Benefits package at this time, but rather to provide an endorsement of the screening panel's initial process and authorize staff to move forward with the panel's recommendations.
- Mr. Duncan commended the Mercer team for its work on the RFP process.

PUBLIC COMMENTS: Sylvia Johnson, a member of the public sector, commented on the Health Service System's staffing.

11092006RB-04

DISCUSSION
ITEM

**PRESENTATIONS BY THE FOLLOWING
RESPONDENTS TO RFP #HSS2006-02 FOR HMO
AND EPO PLANS, AS RECOMMENDED BY THE
SCREENING PANEL (Respective Plan Representatives):**

RECOMMENDED RESPONDENTS:

- Staff Model HMO – Kaiser
- IPA Model HMO – Health Net
- Flex Funded HMO – United/PaciFiCare

BACKUP RESPONDENT:

- Blue Shield

Documents provided to Committee prior to meeting: None.

- Chair Heldfond stated that the respondents' presentations are a direct result of the screening panel's recommendations. All respondents were notified regarding the expectations of each presentation, and if a proposal has more than a single-digit percentage increase, he requested that an explanation be given to address the proposed increase.

➤ **Kaiser Permanente – Staff Model HMO:**

Joanne Haggerty, Executive Account Manager, and Pamela Lauper, Vice President, presented a PowerPoint of Kaiser's proposal for the 2007-2008 Plan Year. (PowerPoint is attached.)

- Chair Heldfond questioned the alternative benefits offered by Kaiser to reduce the initial double-digit percentage increase.
- Bart Duncan stated that should any of the vendors' increases exceed the target, they will be asked to look at possible plan design changes.

➤ Health Net – IPA Fully-Insured Model HMO:

George Anderson, Vice President of Large Groups, Dr. Lance Lange, Vice President and Senior Medical Director, and Marshon Thorson, Senior Account Manager, presented a PowerPoint of Health Net's IPA model HMO proposal for the 2007-2008 Plan Year. (PowerPoint is attached.)

- Chair Heldfond commented on Health Net's initial double-digit percentage increase, but also acknowledged that negotiations are ongoing.

➤ UnitedHealthcare/PaciFiCare – Flex-Funded HMO:

Steve Van Wart, Vice President of Public Sector, California, introduced the UnitedHealthcare/PaciFiCare team and presented a PowerPoint of PaciFiCare's flex-funded HMO proposal for the 2007-2008 Plan Year. (PowerPoint is attached.)

➤ Blue Shield of California – Back Up Respondent:

Paul Markovich, Chief Executive and Senior Vice President, Large Group Business Unit, presented a PowerPoint of Blue Shield's proposal for the 2007-2008 Plan Year. (PowerPoint is attached.)

PUBLIC COMMENTS: Richard Rothman, SEIU representative, requested that if a new vendor is selected which will require that members change health plans, that the transition be as seamless as possible.

Deena Louie, who spoke on behalf of Chinese Community Health Plan, questioned the low score given to the Chinese Community Health in the RFP process.

Dr. Dexter Louie, Associate Medical Director of Chinese Community Health Plan, commented regarding the advantages of having a local bilingual health plan that provides services to Chinese-speaking residents, such as the Chinese Community Health Plan.

Brenda Yee, CEO of Chinese Hospital, requested that Chinese Community Health Plan be added to the healthcare options for Health Service System members.

Dr. Edward Chow, a practicing physician with Chinese

Community Health Plan, spoke about limited access to certain health programs by local residents due to language barriers, and asked the Board to consider including Chinese Community Health Plan as a healthcare provider for Chinese-speaking residents.

Richard Loos, CEO of Chinese Community Health Plan, expressed concern regarding the uniform scoring criteria and in the RFP process.

- Chair Heldfond thanked all of the respondents for their extensive preparation and diligence in providing proposals for the RFP process.

□ 11092006RB-05 ACTION ITEM

AUTHORIZATION OF STAFF, WORKING WITH MERCER, TO ENTER INTO NEGOTIATIONS WITH THE RECOMMENDED RESPONDENTS SPECIFIED IN ITEM 4 ABOVE FOR THE RESPECTIVE TYPES OF HMO PLANS DESCRIBED IN ITEM 4 ABOVE, FOR PRESENTATION AT NEXT RATES AND BENEFITS COMMITTEE MEETING (WITH CONTINGENT AUTHORIZATION TO ENTER INTO NEGOTIATIONS WITH BACKUP RESPONDENT IF NEGOTIATIONS WITH A RECOMMENDED RESPONDENT PRODUCE UNSATISFACTORY RESULTS) (Bart Duncan)

STAFF RECOMMENDATION: Provide such authorization.

Documents provided to Committee prior to meeting: None.

PUBLIC COMMENTS: Dr. Edward Chow, Chinese Community Health Plan physician, requested that, in the future, outreach into the Chinese community is considered by the Board.

ACTION: Motion was moved and seconded by the Board to authorize staff, working with Mercer, to enter into negotiations with backup respondent if negotiations with a recommended respondent produce unsatisfactory results. Motion passed 5-0.

Dr. Katz departed the meeting after this action.

<input type="checkbox"/> 11092006RB-06	DISCUSSION ITEM	OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (Scott Heldfond) <ul style="list-style-type: none">▪ Chair Heldfond stated that at this time, there are still many questions that need to be clarified regarding the HMO plans.
PUBLIC COMMENTS: None.		
<input type="checkbox"/> 11092006RB-07	DISCUSSION ITEM	OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS. Public Comments: None.
<input type="checkbox"/> 11092006RB-08	DISCUSSION ITEM	OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION. Public Comments: None.
□ ADJOURN: 3:56 PM		

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call the Administrative Services Manager, Laini K. Scott, for further assistance at (415) 554-1727.

HEALTH SERVICE BOARD AND THE HEALTH SERVICE SYSTEM WEB SITE

<http://hss.sfgov.org>

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Administrative Services Manager, Laini K. Scott at (415) 554-1727 or by email at laini.scott@sfgov.org at least 72 hours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOWING YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94103-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at soff@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code § 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94103; telephone (415) 581-2200; fax (415) 581-2317; web site www.sfgov.org/ethics.

SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.



Joanne C. Haggerty
Executive Account Manager

Pamela Lauper
Vice President

City and County of San Francisco and Kaiser Permanente

FOR EMPLOYER GROUPS

City and County of San Francisco

November 9, 2006

San Francisco, CA

Renewal: July 1, 2007

Agenda

- Comparative quality and utilization metrics
 - Periodic Utilization Report
 - Forecasting
- Case Management, Disease Management, Wellness and Communication tools
 - Partnership in Health
- Member disruption / Account servicing

City & County of San Francisco and Kaiser Permanente



KAISER PERMANENTE

FOR EMPLOYER GROUPS

Periodic Utilization Report

Table of Contents**Section 1: Executive Summary**

Executive Summary

Monthly Paid Claims

Section 2: Demographic Reports

Membership – Age

Membership – Gender

Section 3: Utilization**Overview of Utilization**

Inpatient – Per Member Per Month and Dollars Per Day

Inpatient – Admits Per 1000, Days Per 1000, and ALOS

Outpatient – Per Member Per Month and Dollars Per Visit

Outpatient – Visits Per 1000

Other Services – Per Member Per Month

High Cost Claimants

Inpatient Claims Detail – Two-Year Comparison – Top 10 DRGs

Section 4: Pharmacy

Pharmacy – Per Member Per Month and Dollars Per Script

Pharmacy – Scripts Per Member Per Year

Pharmacy Detail

Top Drugs By Volume and Dollars

Section 5: Glossary of Terms

Glossary of Terms

KAISER PERMANENTE

Periodic Utilization Reports

Membership - Age

Group Name: Company Case Study
 Group XXX
 Subgroups: A, C, D, EE, GG, HH, II

Average Age



Jul04-Jun05

■ Group Average Age ■ KPP Average Age

Region:	Northern California	
	Prior Period:	Current Period:
Prior Period:	Jul 2004 - Jun 2005	Jul 2005 - Jun 2006
Current Period:	Jul 2005 - Jun 2006	Jul 2004 - Jun 2005

Average Members*:
 Jul04 - Jun05: 9,418
 Jul05 - Jun06: 9,396



Jul04-Jun05

Members by Age Band *

Age Band

Age Band	Jul04-Jun05		Jul05-Jun06	
	Proportion	Members	Proportion	Members
0-3	5.6%	527	5.6%	526
4-12	15.2%	1,429	15.1%	1,419
13-18	12.0%	1,128	12.1%	1,134
19-23	5.6%	525	5.6%	531
24-29	5.7%	537	5.7%	502
30-34	9.0%	844	9.0%	799
35-39	10.2%	961	10.5%	983
40-44	10.3%	966	10.1%	950
45-49	9.7%	913	9.4%	943
50-54	8.6%	807	8.1%	819
55-59	5.4%	509	5.5%	518
60-64	2.0%	187	2.0%	186
>65	0.9%	85	0.9%	86
Total Members	100.0%	9,418	100.0%	9,395

Group Average Age:

30.8

* Includes actives and / or pre 65 Retirees Only

Periodic Utilization Reports

Membership - Gender
Group Name: Company Case Study
Group XXX

Subgroups: A, C, C, D, EE, GG, HH, II

Region: Northern California

Prior Period: Jul 2004 - Jun 2005
Current Period: Jul 2005 - Jun 2006

Average Members*:
 Jul04 - Jun05: 9,418
 Jul05 - Jun06: 9,396

Gender %

Members by Gender *
Male
Female

	Jul04 - Jun05	Jul05 - Jun06
Change		
Male	4,767	4,753
Female	(0.4%)	4,632

* Includes actives and /or pre 65 Retirees Only.

Outpatient - Per Member Per Month and Dollars

Group Name: Company Case Study

Group: XXX

Subgroups: A, C, D, E, G, H, I, II

Average Members*: 9,418

Jul04 - Jun05

9,395

Jul05 - Jun06

9,395

 Region: Northern California
 Prior Period: Jul 2004 - Jun 2005
 Current Period: Jul 2005 - Jun 2006

Outpatient \$ PMPM

Outpatient \$ PMPM*
Service Category

 Outpatient Visits
 Emergency Room
 Surgical/Procedures
 Lab
 Radiology

 Jul04 - Jun05
 Jul05 - Jun06

 Charge
 2.3%
 22.1%
 6.6%
 20.7%
 9.4%

 Jul05 - Jun06
 534.29
 11.14
 15.05
 7.17
 12.15

Total Outpatient \$ PMPM

\$73.82

8.1%

\$79.81

Outpatient \$/Visit *
Service Category

 Outpatient Visits
 Emergency Room
 Surgical/Procedures
 Lab
 Radiology

 Jul04 - Jun05
 Jul05 - Jun06

 Charge
 5.2%
 22.3%
 2.9%
 24.1%
 2.1%

 Jul05 - Jun06
 595.30
 1,164.51
 5,460.94
 37.74
 233.78

Total Outpatient \$/Visit

\$117.89

10.3%

\$129.99

* Includes actives and /or pre 65 Retirees Only

Periodic Utilization Reports

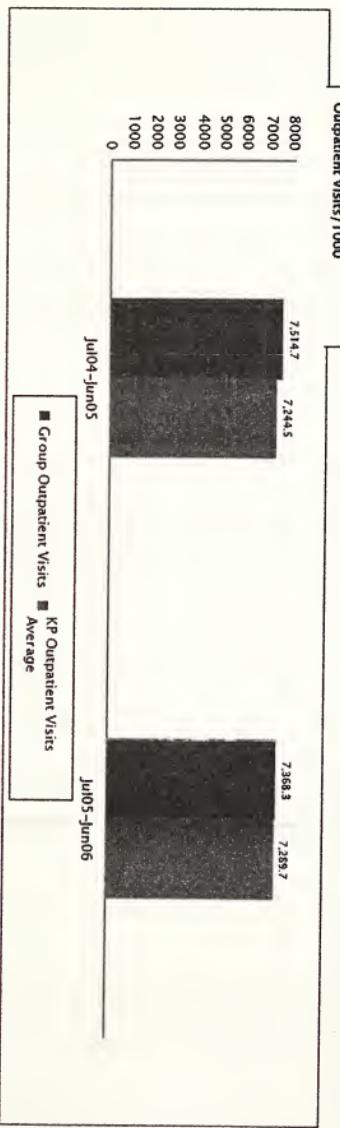
Outpatient – Visits Per 1000

Group Name: Company Case Study

Group: XXX

Subgroups: A, C, D, EE, GG, HH, II

Region:	Northern California
Prior Period:	Jul 2004 – Jun 2005
Current Period:	Jul 2005 – Jun 2006
Average Members*:	9,418
Jul04 – Jun05	9,396
Jul05 – Jun06	



Service Category

Service Category	Jul04 – Jun05	Change	Jul05 – Jun06
Outpatient Visits	4,439.8	(2.8%)	4,317.5
Emergency Room	115.0	(0.2%)	114.8
Surgical/Procedures	32.1	3.4%	33.2
Lab	2,345.5	(2.8%)	2,278.9
Radiology	582.3	7.1%	623.9
Total Outpatient Visits / 1000	7,514.7	(1.9%)	7,368.3

* Includes active and /or pre 65 Retirees Only.

Periodic Utilization Reports



High Cost Claimants

Group Name : Company Case Study

Group Number : XXX

Subgroups : A, C, D, EE, GG, HH, II

Region: Northern California
Current Period: Jul 2005 - Jun 2006

Average Members : 9,418 Reporting Threshold: 573,000

July25 - June25 July25 - June25

Person	Member Status	Paid Claims Per Member**	% of Total Paid	Paid Claims Over Reporting Threshold**
Person 1	Active	\$242,774.17	1.0 %	\$167,774.17
Person 2	Active	231,118.90	0.9 %	156,118.90
Person 3	Active	222,915.65	0.9 %	147,915.65
Person 4	Active	209,475.67	0.9 %	134,475.67
Person 5	Active	195,775.45	0.8 %	120,775.45
Person 6	Terminated	182,701.50	0.7 %	107,701.50
Person 7	Active	173,110.28	0.7 %	98,110.28
Person 8	Active	169,621.72	0.7 %	94,621.72
Person 9	Active	162,892.05	0.7 %	87,892.05
Person 10	Active	160,035.35	0.7 %	85,035.35
Person 11	Active	151,703.72	0.6 %	76,703.72
Person 12	Active	140,356.18	0.6 %	65,356.18
Person 13	Active	134,279.83	0.5 %	59,279.83
Person 14	Active	129,945.15	0.5 %	54,945.15
Person 15	Active	117,111.34	0.5 %	42,111.34
Person 16	Terminated	114,837.84	0.5 %	39,837.84
Person 17	Active	111,359.67	0.5 %	36,329.67
Person 18	Active	107,058.93	0.4 %	32,058.93
Person 19	Active	105,711.06	0.4 %	31,711.06
Person 20	Terminated	100,866.87	0.4 %	25,866.87
Person 21	Active	100,583.09	0.4 %	25,583.09
Person 22	Active	95,605.30	0.4 %	21,605.30
Person 23	Active	91,802.67	0.4 %	16,802.67
Person 24	Active	89,702.10	0.4 %	14,702.10
Person 25	Active	83,917.63	0.3 %	8,917.63
Person 26	Active	81,650.25	0.3 %	6,630.25
Person 27	Active	81,240.79	0.3 %	6,240.79
Person 28	Active	79,439.83	0.3 %	4,439.83


KAISER PERMANENTE
 Periodic Utilization Reports


KAISER FOUNDATION HEALTH PLAN, INC.

High Cost Claimants

 Group Name : Company Case Study
 Group Number : XXX
 Subgroups : A, C, D, E, F, G, H, H, I, II

* Includes actives and /or pre 65 Retirees Only.

 Region: Northern California
 Current Period: Jul 2005 - Jun 2006
 Average Members*: 9,418
 Reporting Threshold: Jul05 - Jun05
 Jul04 - Jun05

 Jul04 - Jun05
 Jul05 - Jun06

Person	Member Status	Paid Claims Per Member**	% of Total Paid	Paid Claims Over Reporting Threshold**
Person 29	Active	78,399.65	0.3 %	3,399.65
Person 30	Active	78,041.57	0.3 %	3,041.57
Person 31	Active	75,283.28	0.3 %	283.28
Total for High Cost Members:		\$4,101,289.62	16.7 %	\$1,776,289.62
All Other Claimants Total:		\$20,471,810.10	83.3 %	
Total for All Claimants:		\$24,573,099.72	100.0 %	

** See Glossary for definition.


Pharmacy – Per Member Per Month and Dollars Per Script

Group Name: Company C Case Study

Group XXX

Subgroups: A, C, D, EE, GG, HH, II

Average Members*:

Jul04 – Jun05:

9,418

Jul05 – Jun06:

9,396

 Region: Northern California
 Prior Period: Jul 2004 – Jun 2005
 Current Period: Jul 2005 – Jun 2006

Pharmacy \$ PMPM


Jul04-Jun05



Jul05-Jun06

Pharmacy \$ Script *
Service Category

 Brand Formulary
 Brand Non-Formulary
 Generic Formulary
 Generic Non-Formulary

Total Pharmacy \$/Script

\$27.50

0.6%

\$27.50

Change

Jul04 – Jun05

Jul05 – Jun06

 \$12.16
 15.6%

 \$14.05
 10.8%

 4.21
 (14.0%)

 8.71
 6.71

 0.68
 (51.5%)

0.68

 ■ Group Pharmacy PMPM
 ■ NP Pharmacy PMPM
 ■ Average

Change

Jul04 – Jun05

Jul05 – Jun06

 \$12.48
 165.26
 28.45
 122.74

 \$19.03
 205.56
 23.68
 65.17

 5.2%
 24.4%
 (13.3%)
 (46.9%)

 5.2%
 24.4%
 23.68
 65.17

 0.6%
 0.6%
 0.6%
 0.6%

* Includes actives and / or pre 65 Retirees Only.

Periodic Utilization Reports
Pharmacy ~ Scripts Per Member

Group Name: Company Case Study

Group

XXX

Subgroups: A, C, D, EE, GG, HH, II

Region: Northern California
 Prior Period: Jul 2004 - Jun 2005
 Current Period: Jul 2005 - Jun 2006
 Average Members*: 9,418 9,396

Pharmacy Scripts PMPY*

Pharmacy Scripts


Jul04-Jun05

Jul05-Jun06

Pharmacy Scripts PMPY*
Service Category

 Brand /Formulary
 Brand/Non-Formulary
 Generic/Formulary
 Generic/Non-Formulary

Total Pharmacy Scripts PMPY

Jul04 - Jun05

Jul05 - Jun06

Jul05 - Jun06

- Brand /Formulary
- Brand /Non-Formulary
- Generic/Formulary
- Generic/Non-Formulary

Group Pharmacy PMPY
KP Pharmacy PMPY
Antares

Jul04-Jun05

Jul05-Jun06

Jul05-Jun06

* Includes Actives and / or pre 65 Retirees Only.

Partnership in Health (PIH Report – Sample)

FOR EMPLOYER GROUPS



KAISER PERMANENTE

City & County of San Francisco and Kaiser Permanente share the goal of providing high-quality, efficient health care.

At a Glance: City & County of San Francisco Employees and Their Families Enrolled in Kaiser Permanente¹

Subscribers	17,667
Members	37,514
Average age	37.2
Gender (% female)	51.3
Average family size	2.1

FOR OUR EMPLOYER GROUPS

Members get more at Kaiser Permanente

Convenient online health and wellness tools empower members and add value

Members can access **kaiserpermanente.org** anytime to

- Choose a personal physician and locate facilities.
- Look up practitioners' education, qualifications, and specialties.
- Make appointments and order prescription refills with free home delivery.
- Get a total health assessment through the HealthMedia® Succeed program.
- Take charge of their health using a customized, interactive online HealthMedia® program to lose weight, eat well, exercise more, reduce stress, or stop smoking.
- Join Weight Watchers® at a 20% discount.
- Sign up for 10,000 Steps®, a fun online program that encourages physical activity.



Our preventive services and routine screenings help keep your employees and their families healthy.

Preventive Care Services

	City & County of San Francisco's Kaiser Permanente Membership ¹	Kaiser Permanente National Average	NCQA 75th National Percentile
Childhood Immunizations²	78.1%	81.9%	78.8%
Adolescent Immunizations²	73.8%	70.7%	62.5%
Breast Cancer Screening	75.4%	75.9%	77.4%
Cervical Cancer Screening²	79.2%	80.0%	84.3%

¹ Continuously enrolled Commercial members in 2004

² The final HEDIS results for this measure were based in part or completely on a chart review methodology. Purchaser specific results are adjusted based on the difference between the final HEDIS KPC regional results (if done via chart review methodology) and the purchaser specific administrative method rate.

Care management programs help members live with chronic conditions

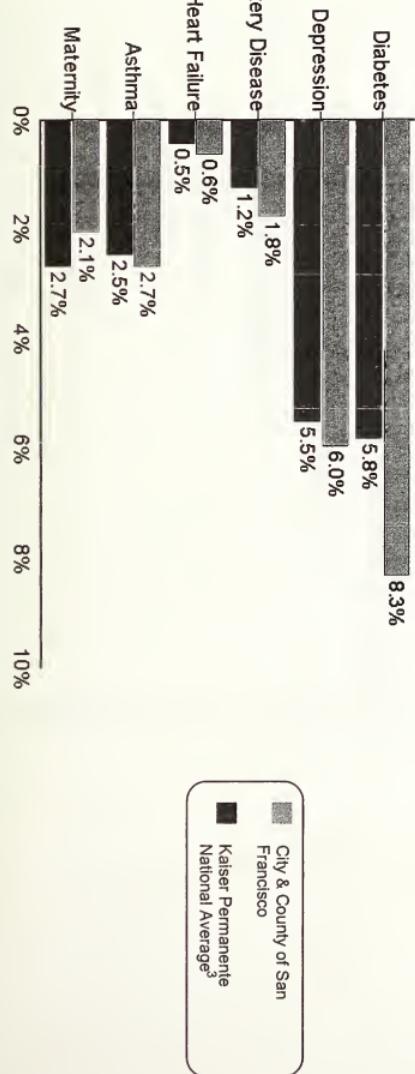
Members who have a chronic condition are proactively identified for inclusion in our care management programs.

- Members with chronic conditions are identified by automated searches of our clinical information systems and tracked through our disease registries.
- We determine the risk levels and needs of members in the disease registries in order to provide them with effective, evidence-based care, services, and support.
- Members receive in-person, phone and mail messages from caregivers to remind them of screenings, tests, medication schedules, and follow-up visits.
- Members are trained to use self-care tools and self-management skills to maintain wellness.
- Member outcomes are tracked to enable us to determine treatment effectiveness and implement improvements.

FOR OUR EMPLOYER GROUPS

How do your employees and their families¹ compare to Kaiser Permanente's national benchmark?

Prevalence by Condition²
City & County of San Francisco versus Kaiser Permanente



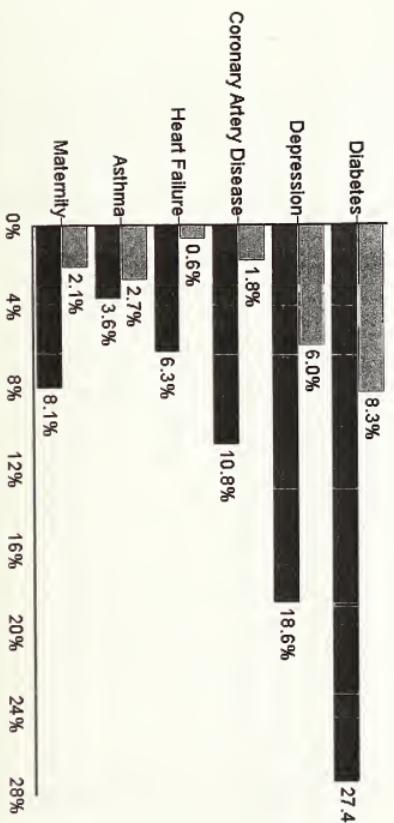
¹Continuously enrolled Commercial members in 2004

²Depression prevalence data for 2004 is not comparable to reports from previous years. See appendix for details. Maternity data for Hawaii is based on partial year information.

³KP National Average values were adjusted to match the purchaser's population distribution across the KP regions in the 2003 and 2004 reports; therefore the KP National Average values in earlier reports are not comparable to those in 2003 and 2004.

What does it cost to care for your employees and their families¹ with chronic conditions?

Prevalence and Cost by Condition² City & County of San Francisco at Kaiser Permanente



¹ Continuously enrolled Commercial members in 2004

² Depression prevalence data for 2004 is not comparable to reports from previous years. See appendix for details. Maternity data for Hawaii is based on partial year information

Working together for healthier employees

Risk factor screening can promote wellness and delay or prevent complications from key chronic conditions. Kaiser Permanente offers several worksite wellness programs designed specifically for individual companies that can help improve health care for your employees.

- Health Fairs: individual screenings for body fat analysis, weight, and blood pressure measurement.

- Health Status Screening: registered nurses test participants for basic health parameters and provide health status assessments and recommendations as well as educational materials on various health topics.

On-site assessments include:

- Cholesterol screening
- Glucose testing to screen for diabetes
- Blood pressure measurement

Simple steps can help improve employee health and productivity. What are your top three current worksite wellness programs?



ed your health

resources to help you live a healthy life.

Improved health can instill confidence and enthusiasm in you. Just take a look at all the tools and resources we offer to help you get there.

Healthy lifestyle programs

kp.org/healthylifestyles

- Take an inventory of your health with HealthMedia Succeed®
- Reach your weight loss goals with HealthMedia Balance®
- Reduce and manage your stress with HealthMedia Relax®
- Make smart food choices with HealthMedia Nourish®
- Stop smoking for good with HealthMedia Breathe®

Your health online

The shortest distance between you and better health is kaiserpermanente.org. Sign on for access to your secure Kaiser Permanente medical record and convenient services. You can:

- E-mail your doctor with routine questions
- Schedule routine appointments
- Request prescription refills

All you have to do as a member is register on our site. We'll mail your password to your home in three to seven days. Some services not available in all areas.

(continues on other side)

Vea kp.org/espanol para información sobre la salud y los servicios.

Según la Asociación Americana de Diabetes (ADA), alrededor del 7 por ciento de la población de los Estados Unidos sufre de diabetes. Pero lo peor es que muchos tienen diabetes y ni siquiera lo saben. Sin embargo, con el cuidado y tratamiento adecuados, las personas con diabetes pueden llevar una vida sana y activa.

La diabetes

Infórmese para vivir mejor



¿Qué es la diabetes?

La mayoría de los alimentos que comemos se convierten en azúcar, también denominada "glucosa", que es la principal fuente de energía del organismo. Una hormona, denominada "insulina", permite que la glucosa fluya de la sangre a las células. Normalmente, el organismo produce toda la insulina que necesita, pero en las personas con diabetes, el organismo no produce insulina, produce muy poca, o las células no responden a ella como deben.

La diabetes tipo 1 es aquella en la que el organismo no produce insulina. Aunque típicamente aparece durante la niñez, puede aparecer a cualquier edad. Alrededor de un 5 a 10 por ciento de las personas con diabetes tienen diabetes tipo 1. Los síntomas incluyen un nivel elevado de azúcar en la sangre y la orina, la necesidad de orinar con frecuencia, hambre y sed excesivos, debilidad, cambios repentinos en el estado de ánimo y náuseas.

La diabetes tipo 2 es aquella en la que el organismo produce insulina pero no la puede procesar bien o no produce una cantidad suficiente de esta hormona. Representa un 90 a 95 por ciento de los casos en los Estados Unidos y se diagnostica con mayor frecuencia en la gente mayor. La diabetes tipo 2 evoluciona lentamente; algunas personas pueden pasar muchos años sin presentar síntomas, los cuales incluyen un aumento del apetito, la sed y la producción de orina, vista nublada, entumecimiento de las manos y de los pies, e infecciones de la piel, las encías, la vagina o la vejiga que tardan en sanar.

La diabetes gestacional (o del embarazo) se produce en alrededor del 4 por ciento de las mujeres embarazadas en los Estados Unidos. Sin tratamiento, puede aumentar el

riesgo de problemas respiratorios en la infancia y de obesidad en la niñez, además del riesgo de diabetes tipo 2 en la edad adulta.

El control de la diabetes

Las personas con diabetes tipo 1 deben seguir un tratamiento estricto de inyecciones diarias de insulina y una dieta y programa de ejercicio físico cuidadosamente calculados, y además realizarse análisis frecuentes de sus niveles de glucosa en la sangre. Las personas con diabetes tipo 2 y diabetes gestacional deben seguir una alimentación sana, hacer ejercicio físico y realizarse análisis frecuentes de sus niveles de glucosa en la sangre. Su médico personal puede ayudarle a formular un programa de dieta y ejercicio para controlar su problema.

Si desea informarse más sobre la diabetes

Visite nuestro sitio en línea members.kaiserpermanente.org y busque nuestra Health encyclopedia (Enciclopedia de la salud). O llame al Teléfono de la Salud de Kaiser Permanente al 1-800-332-7563 o al 1-800-777-9059 (TTY para las personas sordas, con problemas auditivos y del habla). Puede bajar en línea el directorio inglés/pañol de los temas y los códigos en nuestro sitio web buscando "Healthphone" (Teléfono de la Salud). También puede ponerte en contacto con nuestro Centro de Llamadas para Servicios a los Miembros llamando al 1-800-788-0616 o al 1-800-777-1370 (TTY para las personas con problemas auditivos/del habla), de 7 a.m. a 7 p.m., de lunes a viernes, y de 7 a.m. a 3 p.m., los sábados y domingos y pedir un Directorio del Teléfono de la Salud de Kaiser Permanente.



KAIER PERMANENTE. **viva bien**

Major birthday coming up? Making a presentation at work? Caught in traffic? These are just some of the everyday events that can cause stress, making you anxious, tense, angry, or afraid.

Stress can come from bigger events, too, such as a new job, divorce, or the death of a loved one. In short, you can't avoid stress. But learning how to manage it can improve your emotional well-being—and your physical health.

Stressed

It's not just "desserts" spelled backward



Stress and your body

When you're under stress, your body releases chemicals (namely, cortisol and adrenaline) that activate a "fight or flight" reaction. These chemicals affect every organ in your body and can cause increased heart rate, muscle tension, and insulin secretion, as well as decreased immune response and libido.

Once the stress passes, these chemicals return to normal levels. But consistent stress can lead to health problems, including headaches, muscle pain, allergy-like reactions, memory difficulties, and high blood pressure.

Taking control

These simple steps can help you reduce and manage stress:

- Exercise and eat a balanced diet.
- Manage your time.
- Set realistic goals and expectations.
- Talk with a loved one or write in a journal.
- Try relaxation techniques.
- Take time for yourself.
- Stay positive.

Stressed—or depressed?

Sometimes, what seems like stress is actually depression. Changes in sleeping or eating patterns; decreased energy, concentration, or enjoyment; or thoughts of death may indicate clinical depression if you experience them consistently for two weeks or more.

If you think you're depressed, call your physician or health care professional. Depression isn't a sign of weakness; it's a medical condition that often is successfully treated.

To learn more about stress

Visit us online at members.kaiserpermanente.org and search our health encyclopedia. Or call the Kaiser Permanente Healthphone at 1-800-332-7563 or 1-800-777-9059 (TTY for the deaf, hard of hearing, or speech impaired). You can download an English/Spanish directory of topics and codes online on our Web site by searching for "Healthphone." You can also contact our Member Service Call Center at 1-800-464-4000 or 1-800-777-1370 (TTY for the hearing/speech impaired) from 7 a.m. to 7 p.m., Monday through Friday, and 7 a.m. to 3 p.m., Saturday and Sunday, to request a Kaiser Permanente Healthphone Directory.

¿Se le acerca un cumpleaños importante? ¿Tiene que presentar un proyecto en su trabajo? ¿Está atascado en medio del tráfico? Éstos son solamente algunos de los eventos diarios que pueden causar estrés, el cual, a su vez, produce ansiedad, tensión, enojo o temor.

El estrés puede aparecer también debido a eventos más importantes, tal como un nuevo trabajo, un divorcio o la muerte de un ser querido. En pocas palabras, el estrés es inevitable. Sin embargo, si sabe controlarlo, podrá mejorar su bienestar emocional, así como su salud física.

El estrés

Una constante en nuestras vidas



El estrés y su cuerpo

Cuando una persona sufre de estrés, el cuerpo emite sustancias químicas (principalmente cortisol y adrenalina) que activan una reacción denominada "combate o escape". Estas sustancias químicas afectan a todos los órganos del cuerpo y pueden causar un aumento de la frecuencia cardíaca, tensión muscular y secreción de insulina, así como el debilitamiento del sistema inmunitario y de la libido.

Una vez que el estrés desaparece, estas sustancias químicas vuelven a sus niveles normales. El estrés constante, sin embargo, puede ocasionar problemas médicos, tales como dolores de cabeza, dolor muscular, reacciones similares a las alergías, dificultades con la memoria y alta presión sanguínea.

Cómo controlar el estrés

Estas simples medidas podrían ayudarle a reducir y controlar el estrés

- Haga ejercicio y siga una dieta equilibrada.
- Administre bien su tiempo.
- Fíjese metas y expectativas realistas.
- Hable con un ser querido o escriba en su diario.
- Pruebe técnicas de relajación.
- Resérve tiempo para usted mismo
- Mantenga una actitud positiva

¿Estrés o depresión?

A veces, aquello que parece estrés, es en realidad depresión. Los cambios en los hábitos de sueño y alimentación, la disminución de energía, concentración o gozo, o los pensamientos acerca de la muerte podrían indicar una depresión clínica si permanecen de un modo continuo durante dos o más semanas.

Si piensa que sufre de depresión, llame a su médico o profesional de atención médica. La depresión no es un signo de debilidad sino un problema médico que a menudo puede tratarse satisfactoriamente.

Si desea informarse más sobre el estrés

Visite nuestro sitio en línea members.kaiserpermanente.org y busque nuestra *Health encyclopedia* (Enciclopedia de la salud). O llame al Teléfono de la Salud de Kaiser Permanente al 1-800-332-7563 o al 1-800-777-9059 (TTY para las personas sordas, con problemas auditivos y del habla). Puede bajar en línea el directorio inglés/español de los temas y los códigos en nuestro sitio web buscando "Healthphone" (Teléfono de la Salud). También puede ponerse en contacto con nuestro Centro de Llamadas para Servicios a los Miembros llamando al 1-800-788-0616 o al 1-800-777-1370 (TTY para las personas con problemas auditivos/del habla), de 7 a.m. a 7 p.m., de lunes a viernes, y de 7 a.m. a 3 p.m., los sábados y domingos, y pedir un Directorio del Teléfono de la Salud de Kaiser Permanente.



KAI SER PERMANENTE. **viva bien**

You already know that exercise is good for you. But either it's hard to find the time, you're tired after a long day at work, or you just don't like working out at the gym. Guess what? You're not alone.

Fitness

Simple ways to shape up

According to the Centers for Disease Control and Prevention, more than one-half of U.S. adults don't get enough exercise, and 25 percent are not active at all. Physical inactivity combined with unhealthy eating was responsible for at least 400,000 deaths in this country in 2000. That's the bad news. The good news is that getting and staying fit really doesn't require a lot of money or time and, best of all, it can be fun, too. Here's how.

Don't sweat it

If it's been awhile since you've exercised regularly, don't try to do too much too soon. Start with short 5- to 10-minute sessions and gradually increase your time as your body adjusts. Just 30 minutes a day, five days a week, is enough to improve fitness. If you're really short on time, you can spread your fitness activity throughout the day—three 10-minute walks, for example, or a bike ride in the morning and a jog in the evening. Warm up slowly beforehand to reduce the possibility of injury, and then stretch afterward, when your muscles are warm and loose. And drink up. Lots of water before, during, and after exercise prevents dehydration.

Have fun

Biking, swimming, dancing, hiking, gardening, walking the dog, and washing the car are all convenient and inexpensive ways to exercise. Tossing a ball or jumping rope in the park with your kids is great exercise, too.

And if you're getting exercise, but you're feeling bored or unmotivated, mix things up. Take up a new activity, find a fitness partner, or set a new goal.

The payoff

For an investment of as little as 30 minutes a day, here's what you can get in return: more energy and strength; less stress, anxiety, and fatigue; improved heart and lung efficiency; loss of those stubborn extra pounds; and so much more. Plus, you'll look better, feel better, and live a longer, healthier life.

To learn more about fitness

Visit us online at members.kaiserpermanente.org and search our health encyclopedia. Or call the Kaiser Permanente Healthphone at **1-800-332-7563** or **1-800-777-9059** (TTY for the deaf, hard of hearing, or speech impaired). You can download an English/Spanish directory of topics and codes online on our Web site by searching for "Healthphone." You can also contact our Member Service Call Center at **1-800-464-4000** or **1-800-777-1370** (TTY for the hearing/speech impaired) from 7 a.m. to 7 p.m., Monday through Friday, and 7 a.m. to 3 p.m., Saturday and Sunday, to request a Kaiser Permanente Healthphone Directory.



KAISE PERMANENTE. *thrive*

Usted ya sabe que el ejercicio es algo muy beneficioso. Sin embargo, a veces resulta difícil hallar el tiempo necesario o está demasiado cansado después de un largo día de trabajo, o quizás no le guste ir al gimnasio. ¿Sabe qué? Usted no es el único.

Mantenerse en forma

Simples maneras de mejorar su estado físico



De acuerdo con los Centros para el Control y Prevención de Enfermedades, más de la mitad de los adultos en Estados Unidos no hacen suficiente ejercicio y el 25 por ciento no realizan ningún tipo de actividad. La inactividad física en combinación con malos hábitos de alimentación era la causa de por lo menos 400,000 muertes en el país en el año 2000. Ésas son malas noticias. Las buenas noticias es que para ponerse y mantenerse en forma no se requiere realmente mucho tiempo y dinero y, lo mejor de todo, también puede ser divertido. Ésta es la manera de hacerlo.

No se esfuerce demasiado

Si hace bastante tiempo que no ha hecho ejercicio de modo regular, no trate de empezar con demasiado ejercicio. Comience con sesiones breves de 5 a 10 minutos y vaya incrementando gradualmente su duración a medida que el cuerpo se adapta. Con sólo 30 minutos diarios, cinco días a la semana, es suficiente para mejorar su estado físico. Si verdaderamente no tiene mucho tiempo, podrá extender su actividad física a lo largo del día; por ejemplo, tres caminatas de 10 minutos o montar en bicicleta por la mañana y salir a correr por la noche. Haga ejercicios de calentamiento previamente para reducir la posibilidad de sufrir una lesión y después haga estiramientos, una vez que los músculos están calientes y han perdido su rigidez. Tome agua en abundancia antes, durante y después de hacer ejercicio para prevenir la deshidratación.

Diviértase

Montar en bicicleta, nadar, bailar, ir de caminata, hacer labores en el jardín, sacar al perro a caminar y lavar el carro son formas prácticas y baratas de hacer ejercicio.

Lanzar una pelota o saltar a la cuerda en el parque con sus hijos también son excelentes ejercicios. Y si está haciendo ejercicio pero se aburre o no está motivado, cambie las cosas: pruebe una nueva actividad, encuentre a otro compañero o compañera con quien ejercitarse o máquese una nueva meta.

El resultado

Dedicando tan sólo 30 minutos al día, esto es lo que puede obtener a cambio: más fuerza y energía; menos estrés, ansiedad y cansancio; una mayor eficiencia pulmonar y cardíaca; la pérdida de esos kilos que le sobran, y mucho más. Además, mejorará su aspecto, se sentirá mejor, y vivirá más tiempo de una manera más saludable.

Si desea informarse más sobre cómo mantenerse en forma

Visite nuestro sitio en línea members.kaiserpermanente.org y busque nuestra *Health encyclopedia* (Encyclopedia de la salud). O llame al Teléfono de la Salud de Kaiser Permanente al 1-800-332-7563 o al 1-800-777-9059 (TTY para las personas sordas, con problemas auditivos y del habla). Puede bajar en línea el directorio inglés/español de los temas y los códigos en nuestro sitio web buscando "Healthphone" (Teléfono de la Salud). También puede ponerse en contacto con nuestro Centro de Llamadas para Servicios a los Miembros llamando al 1-800-788-0616 o al 1-800-777-1370 (TTY para las personas con problemas auditivos/del habla), de 7 a.m. a 7 p.m., de lunes a viernes, y de 7 a.m. a 3 p.m., los sábados y domingos, y pedir un Directorio del Teléfono de la Salud de Kaiser Permanente.



KAI SER PERMANENTE. **viva bien**

Healthy eating doesn't have to be complicated. Following these easy guidelines can help you eat well and feel your best.

seven simple steps to

good nutrition



1. Change your eating habits gradually.

You're more likely to stick to your new healthy habits if you start with one small, simple change. Once you've been successful with it for a few weeks, add another. You'll be surprised at how they can add up!

2. Eat plenty of fruits and vegetables.

A good goal is to eat five to nine servings a day. Since bright, colorful fruits and vegetables tend to be rich in nutrients, eating lots of different colors each day can help ensure you're getting all you need.

3. Avoid trans (hydrogenated) fats and saturated fats.

You'll find trans and saturated fats in most margarines, in fried foods, and in many packaged foods, so be sure to read labels. If you need to use oil when you cook, use it in moderation and choose olive, canola, or flaxseed oil.

4. Choose beans, nuts, fish, or lean poultry instead of red meat.

It's a good idea to get two to three servings of protein each day, but red meats contain saturated fat. Try limiting red meat to twice a month.

5. Stick to reduced-fat or fat-free dairy products.

Two to three servings of fat-free milk, yogurt, or cheese per day provide the calcium and protein you need without the saturated fats you want to avoid.

6. Choose whole, unprocessed grains.

Eating brown rice instead of white rice and whole grain cereal instead of flaked or puffed cereal will help ensure that you get plenty of fiber, minerals, and complex carbohydrates.

7. Eat sugary, salty, or high-fat snacks in moderation.

Remember the "80-20 rule": If you make smart eating choices at least 80 percent of the time, you shouldn't have to worry about having treats on occasion.

For more information on healthy eating, call the Kaiser Permanente Healthphone at **1-800-332-7563** or **1-800-777-9059** (TTY for the deaf, hard of hearing, or speech impaired) and listen to message **141**, or visit kp.org/nutrition.

Alimentarse bien no tiene que ser una tarea complicada. Las siguientes pautas pueden ayudarle a llevar una dieta saludable y sentirse lo mejor posible.

siete pasos sencillos para una



1. Cambie gradualmente sus hábitos alimenticios.

Es más probable que mantenga buenos hábitos alimenticios si comienza con un cambio pequeño y sencillo. Una vez que haya tenido éxito con dicho cambio por unas semanas, agregue otro. ¡Se sorprenderá cómo se siguen acumulando!

2. Consuma muchas frutas y verduras.

Una buena meta es comer cinco a nueve porciones al día. Dado que las frutas y verduras coloridas y brillantes tienden a tener una abundancia de nutrientes, comer diversos y distintos colores de ellas todos los días pueden ayudarle a recibir todas las que necesita.

3. Evite las grasas trans (hidrogenadas) y grasas saturadas.

Encontrará grasas trans y saturadas en la mayoría de las margarinas, en alimentos fritos y en muchos alimentos empacados. Por lo tanto, asegúrese de leer las etiquetas. Si necesita usar aceite al cocinar, úselo en cantidades moderadas y emplee aceite de oliva, canola o de linaza (de lino).

4. Seleccione frijoles, nueces, pescado o aves magras en lugar de carnes rojas.

Es buena idea consumir dos o tres porciones de proteínas todos los días, pero las carnes rojas contienen grasas saturadas. Trate de limitar las carnes rojas a dos veces al mes.

5. Seleccione productos lácteos bajos en grasa o sin grasa.

Dos o tres porciones de leche, yogur o queso sin grasa al día brinda el calcio y la proteína que necesita sin las grasas saturadas que desea evitar.

6. Seleccione granos integrales sin procesar.

Comer arroz integral en lugar de arroz blanco y cereales integrales en lugar de cereales en copos (flaked) o inflados (puffed) le ayudará a recibir una cantidad abundante de fibra, minerales y carbohidratos complejos.

7. Coma alimentos con mucha azúcar, sal o altos en grasa en moderación.

Recuerde la "regla de 80-20": Si opta por alimentos sanos un 80 por ciento de las veces, no debe preocuparse por consumir golosinas o comidas que le dan placer en algunas ocasiones.

Para obtener más información sobre cómo llevar una dieta saludable, llame al Teléfono de la Salud de Kaiser Permanente al **1-800-332-7563** o al **1-800-777-9059** (TTY para las personas sordas, con problemas auditivos o del habla) y escuche el mensaje **141**, o visite kp.org/nutrition.



KAIER PERMANENTE. viva bien



City & County of San Francisco

November 9, 2006

Agenda

- **Overview**

George Anderson/Vice President, Large Groups

- **How Health Net Integrates Care**

Lance Lange, M.D./Vice President & Senior Medical Director

- **Why Health Net**

Marshon Thorsen/Senior Acct. Manager

Overview

Health Net has a long history with the City and is an active partner in:

- Controlling the cost of health care in the coming years
- Assisting the State to design a low cost plan for the uninsured
- Providing Performance Guarantees
- Delivery of meaningful utilization data

Why Health Net

- We provide health care to all your populations both Active and Retired, many of those being your most critically ill.
- More than 4,500 HN/City members are diagnosed with a chronic condition & more than 10% of these have more than one chronic condition.
- Our disease management programs focus on chronic conditions & preference sensitive conditions (such as back pain & breast cancer) are uniquely integrated to get results.
 - Year Over Year Book of Business results
 - 12.7% reduction in Hospital Admissions per 1000
 - 1.9% reduction in ER Visits per 1000
 - We provide programs and incentives to keep people well.
- Partnering with a health plan that has the care management experience and expertise to manage all your population is critical to the long term viability of your program.

Historical view of the City Membership

HN versus Competition

Demographic Difference

HN/City has up to 17.3% worse demographics as compared to competition. This translates into worse risk & higher claims cost for HN.

Early Retiree Enrollment

ER account for 14% of HN/City membership compared to 7% for the competition. Costs for an ER member is 66% greater than an active member.

Claims Experience

An analysis verifies that our high risk & claims costs justifies the premiums.

Inpatient Statistics

The # of bed days for HN/City are 11% higher than our overall population – a direct effect of serious health conditions.



How Health Net Integrates Care

Lance Lang, M.D., Vice President &
Senior Medical Director

Health Net Integrates Care

- HN identifies individual member health risks and needs
- Matches member with the right care resource
- Actively coordinates care resources
- Tracks and reports member use of right care resource
- Implements action plan to maximize care and improve outcomes

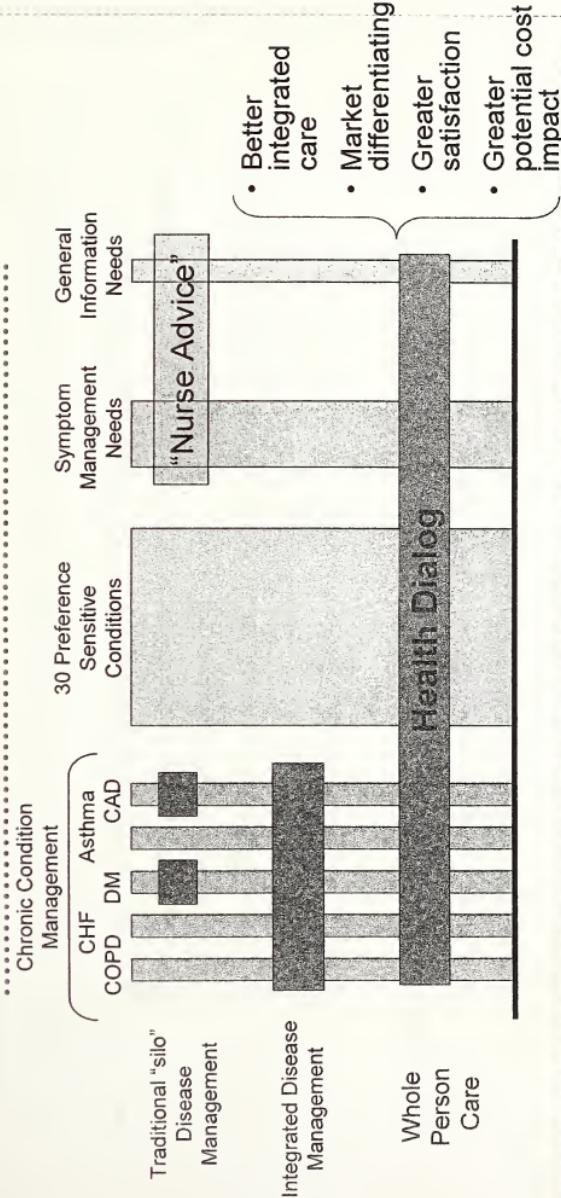
Real “Consumer-Directed” Health Care

The Decision Power Program

- Health Net believes patients need support in working with the Health Care system.
- All members facing a decision, big or small, have a coaching service available to them 24x7x365.
- Not your father's nurse advice line, coaches spend as much time as needed to prepare patients to partner with their doctor to share decisions.

*When members participate fully in their health care decisions,
care becomes more appropriate and
costs tend to decline*

Whole Person Care Integrating DSM with Preference Sensitive Conditions for a Comprehensive Approach



Decision Power uniquely addresses the *whole person*, not just one disease at a time.

Health Net and Physician Group Collaboration

Inpatient Care Management

- Health Net Medical Director coordinates with physician group Hospitalist physicians daily
- Nurses on-site complement each other in discharge planning efforts
 - When needed, provide MD & RN staff to integrate with group staff to pitch in rather than just provide oversight
- Care Level Management: HN-funded program for physician home visits
- Senior Metrics: specialized care management for seniors in SNF – managing intensity of care & length of stay.

■ Outpatient Care Management

- Identification of patients for Decision Power
- Identification of patients for physician group high intensity programs
- Assistance in access to a specialist

Health Net and Brown & Toland

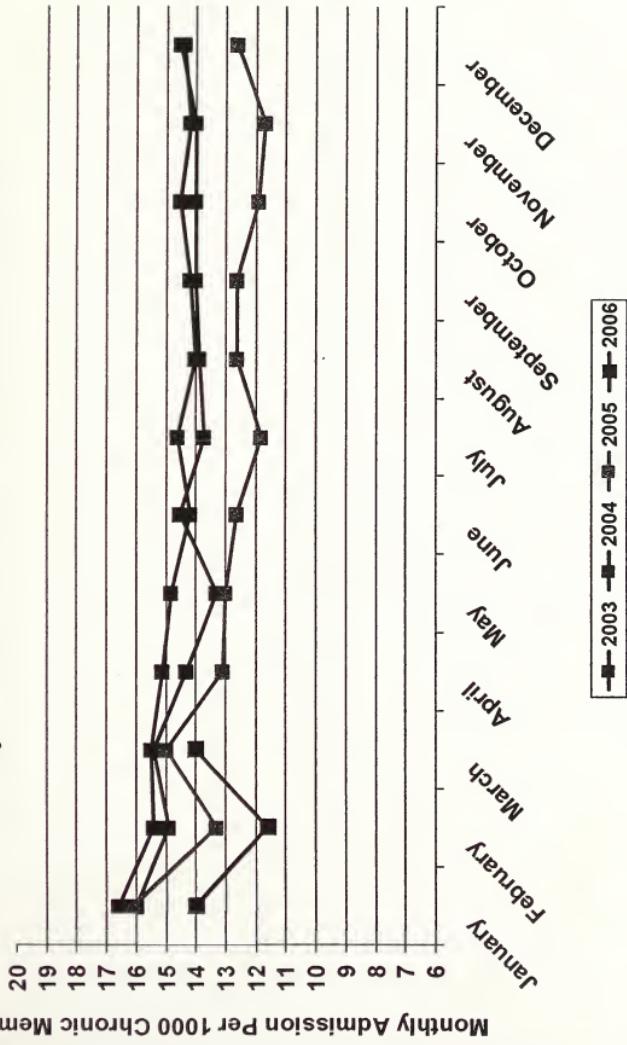
- More than 60% of the HN/City members are with Brown & Toland (B&T). B&T is a unique partner with HN – providing collaborative efforts around clinical & quality improvements.
- Weekly referral data feeds between HN and B&T will quickly identify members with chronic conditions & preference sensitive care – such as arthritis, back pain, and breast cancer.
- HIV/AIDS care – to provide positive support to our medical groups treating members with HIV/AIDS, we remove high cost care from the medical group capitation.

Decision Power Outcomes

- April 2004-March 2005 vs. April 2005-March 2006 Commercial Trends:
 - 12.7% reduction in Hospital Admissions per 1000
 - 1.9% reduction in ER Visits per 1000
- April 2004-March 2005 vs. April 2005-March 2006 Medicare Trends:
 - 14.6% reduction in Hospital Admissions per 1000
 - 6.2% reduction in ER Visits per 1000
- Chronic Condition Specific Trends:
 - Inpatient reductions are greatest among conditions with the most Health Coaching activity - CHF, CAD and Comorbid.

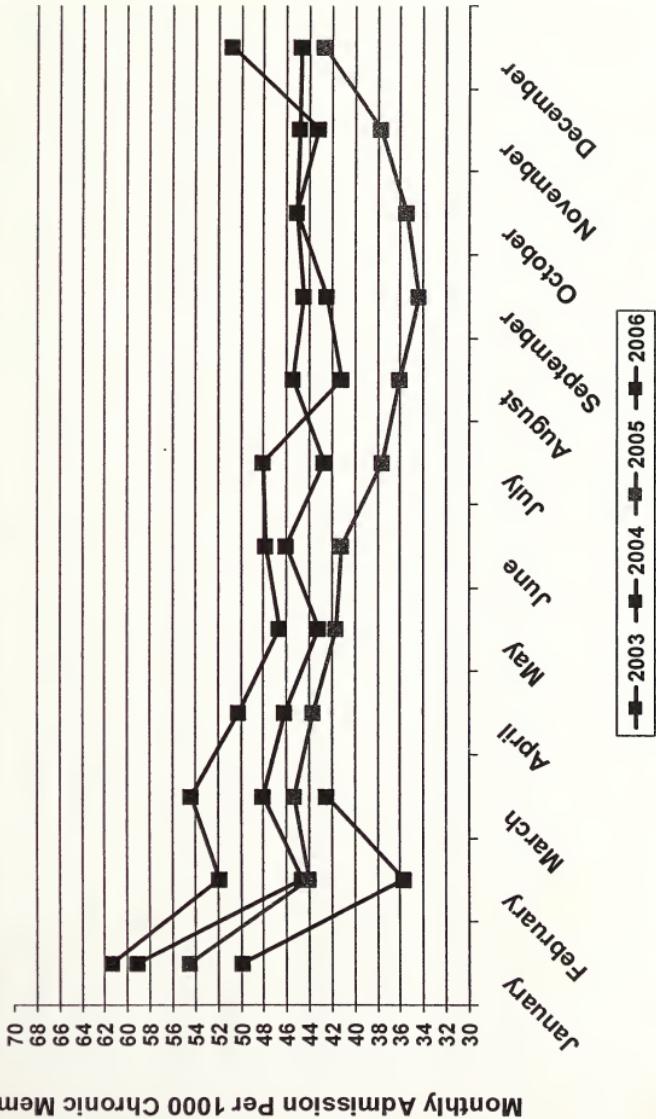
Monthly Commercial Admission Rate Trend January 2003 to March 2006

Monthly Admission Rates for All Chronic Members



Monthly Medicare Admission Rate Trend January 2003 to March 2006

Monthly Admission Rates for All Chronic Members



Pharmacy Programs

- **Osteoporosis Prevention Program** – educates physicians & members to prevent injury & worsening of condition. Stresses osteoporosis as preventable with manageable complications.
- **Narcotics Usage Surveillance Program** – identifies patients abusing narcotics & possibly in need of pain management.
- **Antibiotic Initiative** – promotes the judicious use of antibiotics.
- **Refill Reminder Program** – helps patients remember to refill blood pressure and cholesterol prescriptions.

For every 100 employees ...

- ✓ 60 are sedentary
- ✓ 15-25 smoke
- ✓ 64 are obese/overweight
- ✓ 27 have heart disease
- ✓ 10 have diabetes or metabolic syndrome
- ✓ 50 have high cholesterol
- ✓ 24 have high blood pressure
- ✓ 50 are distressed or depressed

Elements of Wellness Program

- Build a program and reward members for engaging in the following:
 - ✓ Complete a Health Risk Questionnaire (HRQ) to understand and assess current health status and risks
 - ✓ Attend a health fair and complete health screenings
 - ✓ Take action and participate in any one of the following Health Net Wellness Programs to improve your health and well being:
 - To get fit (online fitness program)
 - To lose weight (online weight management program)
 - To learn about healthy eating (online nutrition management program)
 - To stop smoking (online or telephone smoking cessation program)
 - To have a healthy pregnancy (prenatal education through medical group)
- Track and trend the City participation and progress
- Work with the City staff to design & implement program including \$150 per member per year for incentives – starting with HRQ completion



Health Net®
A Better Decision

Why Health Net

Marshon Thorsen/Senior Account Manager

Ensuring a Smooth Transition

- Convene a transition team to include Provider Management, Membership Accounting, Member Services, Claims and Information Services.
- Roles and responsibilities are assigned and an implementation timeline is agreed upon.
- Deadlines for each item on the implementation plan are set and weekly meetings are held to monitor progress and identify new issues.

Why Health Net

- Health Net has a long history with CCSF.
- We have the disease management, risk stratification programs & provider integration to control the cost of health care
- We will provide both financial incentives & program support to improve the health of your populations
- We will partner to provide meaningful utilization data
- We are committed to providing superior performance & will back that with performance guarantees to be agreed upon
- We have a dedicated Account Management Team & the commitment of our Senior Management team to ensure a smooth transition

Questions



HealthNet®
A Better Decision



PaciCare

A UnitedHealthcare Company

Presentation to
Health Service System
City & County of San Francisco

November 9, 2006

Agenda

- I. HSS Dashboard Project
- II. Forecast/Commitment for 2008-2009
- III. Performance Guarantees
- IV. Case Management/Disease Management
- V. Account Servicing

HSS Dashboard Project

UnitedHealthcare

- Currently participate in the following initiatives employing uniform comparative quality and utilization metrics:
 - CHART
 - HVI with CalPERS and PBGH
 - Ambulatory Care Quality Alliance (AQA)
- Will commit qualified and experienced staff to participate and help develop the HSS Dashboard.

Forecast/Commitment for 2008-2009

UnitedHealthcare

- Flex Funded Retention guarantees for Active employees and retirees without Medicare:
 - 2007/2008: \$32.00 PEPM
 - 2008/2009: \$33.60 PEPM
- Complete transparency into FFS claim cost and historical capitation payments used in development of future claim targets.

Performance Guarantees

UnitedHealthcare

- Have placed 25% of administrative fee at risk in five areas:
 - Administrative Services 7.50%
 - Claim Operations 15.00%
 - Customer Satisfaction 1.25%
 - Account Management 1.25%

Case Management/Disease Management

UnitedHealthcare

- One-to-one relationship with Nurse
 - Designed to transfer skills and promote self-reliance
- On-site Medical Directors Complement Nurse Expertise
 - Physicians support nurses and provide peer consultation with treating physicians
- Longitudinal Patient Record (LPR) Integrates Individual Data Across Programs
 - One record for each individual capturing claim history, program participation data, learning preferences and other critical data
- Highest Predictive Validity in the Industry
 - Focuses care on the most "impactable" individuals

- Continue with existing account management structure through Uniprise with Patricia Kelly as the lead.
- Add specific dedicated high-level resources to assure connection with HSS, minimize member disruption and facilitate a smooth implementation
 - Jane Fronk.

Request for Proposal Highlights

Presented to
City and County of San Francisco's
Rates & Benefits Committee

Paul Markovich
Chief Executive and Senior Vice President
Large Group Business Unit
Blue Shield of California

November 9, 2006



why blue shield?

- Proven partnership approach
- Cost predictability and stability
- Flexible products and dedicated services
- Large, stable provider network
- Commitment to community



partnership model a key to success

Transparency:

- Sharing HIPAA-compliant information on costs
- Principle of full disclosure (exceptions for relevance and confidentiality)
- Audit rights
- Commitment to HSS Dashboard Project (see appendix)
- Provide CCSF claims data to a third party data warehouse

Accountability:

- Health plan retention (admin costs plus profit) fully disclosed and benchmarked against industry standards
- Report card used to grade service levels, partnership performance
- Partner with Mercer to forecast future renewals



partnership model a key to success

Aligned Incentives:

- Portion of our fees and target profit is tied to specific, measurable outcomes important to CCSF
- A minimum of 2% of our fully insured premium at-risk for 10 operational metrics
- Enhanced performance guarantees for:
 - ✓ Trend reduction
 - ✓ Network stability
 - ✓ Disease management
 - ✓ Case management
 - ✓ Report card
- Provide quarterly and annual reporting of performance against guarantees



proven track record of cost predictability and stability

- Lowest cost IPA HMO for past five years
 - ✓ '05-'06 rates were 15.8% (\$62.06) less than Health Net
 - ✓ '06-'07 rates are 19.5% (\$84.54) less than Health Net
 - ✓ '06-'07 rates are 3.9% (\$14.37) less than Kaiser
- Willing to discuss alternative strategies that result in additional predictability for future renewals
 - ✓ Rate cap offered for year two consolidation scenario



best in class programs with proven results

- Targeted complex case management focused on the sickest population
 - ✓ High Risk Case Management: Complex, Neonatal Intensive Care (NICU), Catastrophic Injury
 - ✓ Yields 2:1 Return on Investment (ROI)
- Customized disease management programs for CCSF health risks
 - ✓ Predictive model used to identify high-risk members
 - ✓ Asthma
 - ✓ Diabetes
 - ✓ Coronary Artery Disease (CAD)
 - ✓ Chronic Obstructive Pulmonary Disease (COPD)
 - ✓ Congestive Heart Failure (CHF)
 - ✓ Yields 3:1 ROI



innovative wellness tools engage and inform members

- **Healthy Lifestyle Rewards** - offered free-of-charge to CCSF in July '06, pays members up to \$175 cash to adopt healthy habits
- **Health Advocate** - Provides a dedicated team of nurses offering personal attention to members for their health care needs
- **LifePath Advisers** - offers 24/7 nurse and counselor support with resources and referrals on health and work/life issues
- **Ask the Pharmacist** - provides answers to drug related questions in partnership with UCSF
- **LifePath Decision Guide** - Web-based decision support tools for hospital comparison and treatment options
- **RelayHealth** - doctor to patient communication
- **Blueshieldca.com** - our award-winning Web site provides member self-service tools, such as access to benefits and pharmacy information, claims status, ordering ID cards and changing Personal Care Physicians



95% network overlap means minimal member disruption

- Our HMO network is one of the largest in California with:
 - ✓ 29,000 individual physicians
 - ✓ 22,721 non-physician providers
 - ✓ 213 IPAs/Medical groups
 - ✓ 280 HMO contracted hospitals
 - ✓ 379 skilled nursing facilities and 117 hospices
 - ✓ 293 ambulatory surgery centers
 - ✓ 412 home health and home infusion agencies
 - ✓ Transplant, bariatric and complex care network
- Our network offers extensive access with 100% of CCSF members having access to 2 personal physicians and 2 specialists within 10 miles



Member disruption minimized by aggressive member outreach and education

- Medical outreach:
 - ✓ Waive initial office visit copay for members selecting a new Personal Care Physician
 - ✓ Outbound phone calls, direct mail and onsite assistance to help members select Personal Care Physicians
 - ✓ Continuity of care education materials
- Pharmacy outreach:
 - ✓ Blue Shield will 'grandfather' coverage of highly utilized non-formulary drugs
 - ✓ Existing prescriptions will be transferred into Blue Shield's pharmacy system
 - ✓ We will transfer open refills for mail service from prior carriers to Blue Shield's mail service pharmacy



our customers give us "A" grades on transitions

- Successfully transitioned more than 360,000 PacifiCare and Health Net CalPERS members to Blue Shield in 2003:
 - ✓ Handled 113 total inquiries for transition of care and 33 cases
 - ✓ Not one member appeal or grievance
 - ✓ Earned "A" grade from CalPERS on the transition
- Most recently, we received "A" grades for transitions from:
 - ✓ County of Riverside
 - ✓ California Correctional Peace Officers Benefit Trust Fund
 - ✓ Stanford University
 - ✓ Motion Picture Industry (A+)
- CCSF can expect the same positive experience from Blue Shield



california-based, dedicated account service team

- CCSF will be serviced by a group of highly-qualified, professionals specially trained on CCSF benefits and programs:
 - ✓ Account Management
 - ✓ Medical Director
 - ✓ Underwriting
 - ✓ Customer Service and Claims
 - ✓ Data and Analytics
 - ✓ Marketing Communications
- Live member services representatives available from 7:00 a.m. to 7:00 p.m., Monday through Friday; and interactive voice response available seven days a week



in conclusion

- Continued partnership based on transparency, accountability, and aligned incentives
- Competitive, predictable costs
- Large, stable provider network with minimal member disruption
- Customized disease management programs for CCSF health risks
- Enhanced performance guarantees
- Aggressive case management to reduce costs
- Dedicated, California-based account management and member services
- San Francisco based nonprofit that gives dollars back to the communities in which your employees live and work



blue of California



our commitment to community sets us apart

- California based, not-for-profit: we put dollars back into our communities -- not into investors' pockets
- Company contributes \$30 million annually to Blue Shield of California Foundation
 - ✓ In 2005-06, the Foundation awarded more than \$21 million to nonprofit groups in the Bay Area communities in which your employees live and work
 - ✓ More than \$10 million awarded in County of San Francisco
 - ✓ Annual grants to every licensed nonprofit community health clinic and domestic violence shelter and in the state
 - ✓ Provide annual grants to every licensed domestic violence shelter and private nonprofit community health clinic in the state
 - ✓ The Foundation's president and CEO, Crystal Hayling, serves on San Francisco's Universal Healthcare Council
- Progressive public policy leadership
 - First health plan in the country to support universal health coverage for all Californians regardless of health status or ability to pay
 - Co-sponsored legislation requiring coverage of maternity benefits



serve more than 750,000 public sector members

- Blue Shield serves more cities and counties than any other non-Kaiser California-based health plan:

✓ CalPERS

- In 2003, replaced Health Net and PacifiCare with Blue Shield as its sole network-model HMO for 400,000 members
- June 2006 signed second consecutive three-year contract

✓ Additional public sector clients include:

- Federal Employee Program
- County of San Mateo
- County of Fresno
- City of San Jose
- California Correctional Peace Officers' Association Benefit Trust Fund



CCSF client reporting

- **Activity** – quarterly report showing member counts and type/frequency of member contact
- **Financial** – quarterly report reflects cost of health care experience, pre-versus post program results
- **Clinical Outcomes** – quarterly report on members' overall compliance with selected standards of care
- **Utilization** – quarterly with percent change in admissions, length of stay, ER visits and bed days
- **Prescription Drugs** – quarterly report on utilization, cost and key initiatives
- **Member Satisfaction** – annually

Note: All reports are HIPAA compliant. All data privacy protected.





City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES AND BENEFITS COMMITTEE

NOTICE OF MEETING CANCELLATION

posted
dated
The following Rates and Benefits Committee meeting has been cancelled:

Special Meeting

Tuesday, December 5, 2006
10:00 AM

DOCUMENTS DEPT.

NOV 21 2006

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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11-21-06A11:13 RCVD

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HEALTH SERVICE BOARD AND THE HEALTH SERVICE SYSTEM WEB SITE

<http://hss.sfgov.org>

DISABILITY ACCESS

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

DOCUMENTS DEPT.

Special Meeting

DEC - 7 2006

Thursday, December 14, 2006
2:00 PM

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1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

12-17-06P02:37 RCV'D

FOCUS OF MEETING: HMOs – FULLY-INSURED AND FLEX-FUNDED PLANS

CALL TO ORDER

ROLL CALL Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

12142006RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF
THE MINUTES OF THE FOLLOWING MEETING:

- November 9, 2006

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS:

ACTION:

□ 12142006RB-02 DISCUSSION ITEM **UPDATE ON 10-COUNTY SURVEY FOR FISCAL YEAR 2007-2008** (*Bart Duncan*)
Documents provided to Committee prior to meeting: None.
PUBLIC COMMENTS:

□ 12142006RB-03 ACTION ITEM **DETERMINATION OF HMO RATES AND BENEFITS FOR ACTIVE EMPLOYEES AND RETIREES FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD**

- Overview of proposed plans and rates (*Bart Duncan*)
- Discussion of plan designs, premiums/ premium equivalents, contributions and overall financial impact (*Mercer Team*)
- STAFF RECOMMENDATION:
- HMO rates and benefits as outlined by Mercer in below-referenced report, subject to verification of the final 10-County Amount.

Documents provided to Committee prior to meeting: Report prepared by Mercer.
PUBLIC COMMENTS:

ACTION:

□ 12142006RB-04 DISCUSSION ITEM **OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (*Scott Heldfond*)
PUBLIC COMMENTS:

□ 12142006RB-05 DISCUSSION ITEM **OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.**
PUBLIC COMMENTS:

□ 12142006RB-06 DISCUSSION ITEM **OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.**
PUBLIC COMMENTS:

□ ADJOURN

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES AND BENEFITS COMMITTEE

NOTICE OF MEETING CANCELLATION

SF
H2C
#7
12/14/06
Special
Cancelled

The following Rates and Benefits Committee meeting has been cancelled:

Special Meeting

Thursday, December 14, 2006
2:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

DOCUMENTS DEPT.

DEC 12 2006

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Thursday, January 4, 2007
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

FOCUS OF MEETING: HMOs – FULLY-INSURED AND FLEX-FUNDED PLANS

- CALL TO ORDER
- ROLL CALL
 - Committee Chair Scott Heldfond
 - Committee Member Karen Breslin, Board President
 - Committee Member James Deignan
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
 - Committee Member Claire Zvanski
- 01042007RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:
 - November 9, 2006STAFF RECOMMENDATION: Approve Minutes.
Documents provided to Committee prior to meeting: Draft minutes.
- PUBLIC COMMENTS:
- ACTION:

01042007RB-02 ACTION ITEM **REPORT ON FINAL 10-COUNTY SURVEY RESULTS FOR FISCAL YEAR 2007-2008 AND APPROVAL OF SUCH RESULTS, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Jeffrey Hildebrant)**
Staff Recommendation: Approve survey results.
Documents provided to Committee prior to meeting: Report on final 10-County Survey results.
PUBLIC COMMENTS:
ACTION:

01042007RB-03 ACTION ITEM **DETERMINATION OF HMO RATES AND BENEFITS FOR ACTIVE EMPLOYEES AND RETIREES FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD**

- Overview of proposed plans and rates (*Bart Duncan*)
- Discussion of plan designs, premiums/ premium equivalents, contributions and overall financial impact (*Mercer Team*)

STAFF RECOMMENDATION: Set rates and benefits as set forth in below-referenced report.
Documents provided to Committee prior to meeting: Report prepared by Mercer.
PUBLIC COMMENTS:
ACTION:

01042007RB-04 ACTION ITEM **DETERMINATION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan and Mercer Team)**
STAFF RECOMMENDATIONS:

1. Plan Design: Make no changes.
2. Premium Equivalents: Set premium equivalents as recommended by Mercer in below-referenced report (which includes a subsidy from the Trust Fund).

Documents provided to Committee prior to meeting: Report prepared by Mercer.
PUBLIC COMMENTS:
ACTION:

- 01042007RB-05 DISCUSSION ITEM OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.
PUBLIC COMMENTS:
- 01042007RB-06 DISCUSSION ITEM OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.
PUBLIC COMMENTS:
- ADJOURN

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

MINUTES

Special Meeting

Thursday, January 4, 2007
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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SEP 17 2007

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FOCUS OF MEETING:

HMOs – FULLY-INSURED AND FLEX-FUNDED PLANS

CALL TO ORDER

ROLL CALL

Committee Chair Scott Heldfond
Committee Member Karen Breslin, Board President
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D., *Arrived 10:03 a.m.*
Committee Member Claire Zvanski

01042007RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF
THE MINUTES OF THE FOLLOWING MEETING:

▪ November 9, 2006

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Committee to approve the minutes of November 9,

01042007RB-02 ACTION ITEM

2006. Motion passed 6-0.

REPORT ON FINAL 10-COUNTY SURVEY RESULTS FOR FISCAL YEAR 2007-2008 AND APPROVAL OF SUCH RESULTS, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Jeffrey Hildebrant)

Staff Recommendation: Approve survey results.

Documents provided to Committee prior to meeting: Report on final 10-County Survey results.

- Jeffrey Hildebrant, Assistant Director, reported the following regarding the final 10-County Survey results:
 - The average monthly contribution is \$403.14, which is an increase of 10.3% above the 2006-2007 amount of the employers' contributions toward health care plans;
 - San Bernardino had a 10.1% decrease in its employer contribution from last year.
 - Kaiser HMO and Health Net, both low cost options, were dropped from San Bernardino's choice selection for 2007-2008. The reason is currently unknown.
 - Due to a negotiated employer contribution, Riverside County had an 18.0% increase versus 7.4% for 2006-2007. Plan changes were also implemented (five out of nine plans were negotiated with CalPERS).
 - Alameda County had an increase of 16.4% in employer contributions due to plan changes (replaced Health Net with PacifiCare).
 - Fresno County had an increase of 10.9% in employer contributions due to negotiated plan changes with the unions (versus -2.4% for 2006-2007).
 - Most of the employer contributions are in single digits in Southern California and double digits in Northern California. The summary reflects employer cost increases and not the rates or renewals submitted by the health care plans.
 - Dr. Katz arrived early in this segment.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the

Committee to accept the final 10-County Survey results for fiscal year 2007-2008. Motion passed 7-0.

DETERMINATION OF HMO RATES AND BENEFITS FOR ACTIVE EMPLOYEES AND RETIREES FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD

- Overview of proposed plans and rates (*Bart Duncan*)
- Discussion of plan designs, premiums/ premium equivalents, contributions and overall financial impact (*Mercer Team*)

STAFF RECOMMENDATION: Set rates and benefits as set forth in below-referenced report.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Chair Heldfond commented that at the beginning of the rates and benefits process, the initial premium increase was 15.4% across the board for the HMOs. That percentage has now dropped to 8.5%
- Bart Duncan thanked the Board and staff for the package being presented. He thanked the Mercer team for working through challenges in helping the Health Service System develop into a new department. He also thanked the many members who sent him well-wishes during recovery from his injuries.
- Mr. Duncan reflected on the process compared to a year ago and summarized goals for the 2007-2008 plan year, which include:
 - Expanding opportunities for self-funding where it appears to be in the long term interests of the Health Service System and its members;
 - Take full advantage of this year's full market survey;
 - Consider no new benefits or enhancements;
 - Maintain current benefit options and levels as long as meeting this objective does not result in double-digit increases to participating employers that have historically required subsidies to the

employers from the Health Service System's trust fund in order to counterbalance the impact of such increases;

- Explore a new model for providing to members the benefit of principal in the Health Service System's trust fund above levels necessary to meet reserve requirements;
- Explore a new model for handling overages and deficiencies in the self-funded dental rates; and
- To facilitate a well-planned and successful Open Enrollment.

- Mr. Duncan stated that the current rate package reflects, as Chair Heldfond indicated, a reduction from the status quo increases in the initial proposals from incumbent carriers of 15.4% to a total projected premium increase of 8.5-8.6%. Kaiser had identified minor plan changes in order to reduce the initial levels of its proportional increases which helped to control the overall costs, such as:
 - Conforming the Kaiser Rx benefit to that of all the other HMOs;
 - Emergency department co-pay increase from \$35 to \$50;
 - Inpatient admission co-payment increase from zero to \$100.
- Mercer was asked to include a trust fund subsidy for the HMOs in the amount of approximately \$4 million.
- Rhys Evans of Mercer Health and Benefits introduced his colleague, Donna Kinsman, who has worked extensively with HMOs.
- Mr. Evans also presented a PowerPoint on HMO rates and benefits for Plan Year 2007-2008. He reported the following:
 - In the November 9, 2006 Rates and Benefits Committee meeting, Mercer was requested to enter into negotiations with Health Net, Kaiser and PacifiCare. Blue Shield was to be retained as a back-up respondent.
 - Health Net was unable to remove specific

contribution and benefit restrictions in rate stipulations without increasing its proposed rates.

- Blue Shield removed the contribution stipulations with no changes in its proposed rates.
- The Health Service System requested that Mercer finalize the 2007-2008 rate negotiations with Kaiser, PacifiCare and Blue Shield. Health Net became the back-up respondent.
- A request for plan changes was made in October to reduce increases in the active plans' costs. Kaiser suggested benefit changes that were applied equitably to all of the plans (Kaiser, PacifiCare and Blue Shield) and which resulted in consistency in the plan design and an 8.5% aggregate cost increase for the 2007-2008 Plan Year. The contribution increase for the City was 11% and the members' contribution was a reduction slightly less than 10%.
- Discussion ensued regarding the trust fund subsidy and its role in the cost of the HMO plan rates. This year the employees' contribution was the target of subsidy funds more so than in the past years.
- The replacement of Health Net will result in a redistribution of membership across the remaining plans which will impact proposed premium rates. Health Net's current membership is on average in poorer health (higher costing) than the other plans' membership.
- Kaiser's initial renewal non-Medicare rates were increased to 14% and 26.6% renewal to Medicare Advantage rates.
- Kaiser was asked for specific benefit changes that would bring proposed premiums in line with target levels:
 - Apply co-payment for inpatient hospital admission (\$0 to \$100);
 - Increase emergency room co-pay (\$35 to \$50);
 - Align prescription drug supply with

other HMO plans (100 days to 30 days).

- The impact of Kaiser's benefit changes varies by enrollment group:
 - Active and non-Medicare retirees: 11% renewal over 2006-2007;
 - Medicare retirees: 17.6% renewal over 2006-2007.
- Blue Shield's initial renewal rates were an increase of 16.5% for active members and non-Medicare retirees and an increase of 10.5% for Medicare COB rates.
- Through negotiations, Blue Shield revised its rates for active and non-Medicare members to 12.7% over current rates.
- Blue Shield was asked to apply the same benefit plan changes as Kaiser:
 - Apply co-payment for inpatient hospital admission (\$0 to \$100);
 - Increase emergency room co-pay (\$35 to \$50);
 - No change in its prescription drug plan because it was already set at 30 days.
- PacifiCare HMO benefit levels are consistent with the other HMO plans.
- PacifiCare's Medicare plan is not moving into a self-funded plan; it is a fully insured Medicare Advantage plan.
- PacifiCare's 2007-2008 target rates compared to the 2006-2007 Health Net rates are as follows:
 - Active members – .04% decrease (23.6% increase over 2006-2007 Blue Shield);
 - Non-Medicare retiree members – 1.6% decrease (30.4% increase over 2006-2007 Blue Shield);
 - Medicare retirees – 7.7% increase (18.3% decrease over 2006-2007 Blue Shield COB).

PUBLIC COMMENTS: Edward Chow, M.D., spoke on behalf of the Chinese Community Health Care Association physicians. He commented on the support offered to patients through bi-lingual care, member

services, translation, resources and education provided by the Association's physicians. He stated that approximately two-thirds of the Association's physicians are affiliated with other medical plans. He asked that the Board consider including Chinese Community Health Plan in its benefits plans offered to HSS members.

Richard Loos, CEO of Chinese Community Health Plan, commented on the RFP process as it did not address specialized services offered by plans such as Chinese Community Health Plan and spoke of the value of members receiving culturally competent care and resources. He asked that Chinese Community Health Plan be considered as a health care provider in addition to the other health plans.

Paul Markovich, Blue Shield Senior Vice President, of the Large Group Business Unit, stated that he had several concerns regarding the RFP process, particularly, awarding the flex-funded HMO option to PacifiCare because he felt the RFP was not specific on that point.

ACTION: Motion was moved and seconded by the Committee to accept the 2007-2008 base rates and benefits (excluding subsidy) for Kaiser, Blue Shield and PacifiCare as presented in the Mercer report. Motion passed 6-1. Supervisor Elsbernd opposed.

01042007RB-04 ACTION ITEM **DETERMINATION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2007-2008, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD**
(Bart Duncan and Mercer Team)

STAFF RECOMMENDATIONS:

1. Plan Design: Make no changes.
2. Premium Equivalents: Set premium equivalents as recommended by Mercer in below-referenced report (which includes a subsidy from the Trust Fund).

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Rhys Evans reported the following regarding plan rates and benefits for the City Health Plan for Fiscal Year 2007-2008:
- The proposed Trust Fund subsidy previously presented to the Board in October 2006 has been updated to reflect the exact 10-County

amount (\$403.14).

- Mercer has been able to incorporate cost projections for medical and pharmacy claims information through the end of November 2006, instead of the end of September 2006, as previously reported. The impact of the updated information on the rates was very slight. The active and Medicare rates remained almost the same as previously projected. The pre-Medicare rates were reduced more because the occurrences were better than anticipated.
- Due to the 10-County amount, the estimated Trust Fund subsidy required to achieve the goals previously projected for the City Plan (maintain comparability with 2006-2007 contribution levels for retirees and application of subsidy to mitigate the required rate increase for participating employees) was reduced from \$8.5 million to \$6 million.
- As presented to the Board in October 2006, Mercer still suggests a 5% increase in employee contributions as well as a flat renewal for member contributions for the single retiree without Medicare since the amount is driven by the active member's rate increase. Because the Medicare retirees have had a better experience than anticipated, Mercer suggests a decrease between 2-8% in their contributions.
- After the first vote of the Committee to accept the Staff recommendation to make no changes to the unsubsidized rates, discussion was held regarding the amount of subsidy to be allocated to the three HMOs and City Plan. The Board decided to separate the issue of subsidy to the three HMOs and the City Plan.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Committee to accept the Staff recommendation to make no changes to the unsubsidized rates for Fiscal Year 2007-2008. Motion passed 7-0.

ACTION: Motion was moved and seconded by the Committee to approve a \$4 million subsidy to be distributed equally among Kaiser, PacifiCare and Blue Shield for Fiscal Year 2007-2008. Motion passed 4-3. Commissioners Zvanski and Katz, and Supervisor

Elsbernd opposed.

ACTION: Motion was moved and seconded by the Committee to approve a \$6 million subsidy for the City Plan for Fiscal Year 2007-2008. Motion passed 5-2. Commissioner Katz and Supervisor Elsbernd opposed.

01042007RB-05 **DISCUSSION ITEM**

OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.

PUBLIC COMMENTS: None.

01042007RB-06 **DISCUSSION ITEM**

OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.

PUBLIC COMMENTS: None.

ADJOURN: 12:03 PM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call the Administrative Services Manager, Laini K. Scott, for further assistance at (415) 554-1727.

HEALTH SERVICE BOARD AND THE HEALTH SERVICE SYSTEM WEB SITE

<http://hss.sfgov.org>

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Administrative Services Manager, Laini Scott, at (415) 554-1727 or by email at laini.scott@sfgov.org at least 72 hours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOWING YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94103-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at sotf@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code § 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94103; telephone (415) 581-2200; fax (415) 581-2317; web site www.sfgov.org/ethics.

SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.



City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Thursday, September 13, 2007

2:30 PM

18-06-07905577

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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FOCUS OF MEETING:

KICKOFF OF ANNUAL RATES AND BENEFITS PROCESS

CALL TO ORDER

ROLL CALL Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Scott Heldfond
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

09132007RB-01 APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:

- January 4, 2007

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS:

ACTION:

□ 09132007RB-02 DISCUSSION ITEM **OVERVIEW OF SCHEDULE AND OBJECTIVES FOR THIS YEAR'S RATES & BENEFITS CYCLE (Jim Deignan)**
Documents provided to Committee prior to meeting: Planned schedule of meetings.
PUBLIC COMMENTS:
ACTION:

□ 09132007RB-03 DISCUSSION ITEM **PRESENTATIONS (10 MINUTES MAXIMUM) BY MEDICAL PLAN CARRIERS PROVIDING (Plan Representatives):**

- "Heads up" re any significant renewal issues
- Brief overview of any distinctive new programs or services
- Description of anticipated problems relating to the HSS dashboard project

1. Blue Shield
2. Kaiser
3. PacifiCare/Secure Horizons
4. United HealthCare

Documents provided to Committee prior to meeting: None
PUBLIC COMMENTS:
ACTION:

□ 10122006RB-04 DISCUSSION ITEM **OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (Jim Deignan)**
PUBLIC COMMENTS:

□ 09132007RB-05 DISCUSSION ITEM **OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.**
PUBLIC COMMENTS:

□ 09132007RB-06 DISCUSSION ITEM **OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.**
PUBLIC COMMENTS:

10. ADJOURN

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

MINUTES

Special Meeting

Thursday, September 13, 2007

2:30 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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FOCUS OF MEETING:

KICKOFF OF ANNUAL RATES AND BENEFITS PROCESS

CALL TO ORDER

ROLL CALL Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Scott Heldfond
Committee Member Mitch Katz, M.D., *Excused*
Committee Member Claire Zvanski

09132007RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF
THE MINUTES OF THE MEETING SET FORTH
BELOW:

- January 4, 2007

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Committee to approve the minutes of January 4, 2007. Motion passed 6-0.

<input type="checkbox"/> 09132007RB-02	DISCUSSION ITEM	<p>OVERVIEW OF SCHEDULE AND OBJECTIVES FOR THIS YEAR'S RATES & BENEFITS CYCLE (<i>Committee Chair Deignan</i>)</p> <p><i>Documents provided to Committee prior to meeting: Planned schedule of meetings.</i></p> <ul style="list-style-type: none">■ Committee Chair Deignan reported that this is the kickoff meeting for the rates and benefits process and reviewed the schedule of meetings for the cycle. <p>PUBLIC COMMENTS: Richard Rothman, SEIU 1021 representative, referred to the Mercer report dated January 4, 2007, regarding the HMOs' subsidies and asked that Mercer prepare a chart reflecting full pick up of the Medi-Cal subsidy for retirees by the City to see how the rates will be affected.</p> <p>Kim Waldron, Local 21 representative, spoke on behalf Robin Hansen, an active member who is the parent of three children with neurological disabilities. She asked the Board to consider including pediatric neuropsychological evaluations, pediatric speech therapy and pediatric occupational therapy as covered benefits in the 2008-2009 benefit plans. These pediatric medical benefits are currently not covered in Blue Shield's plan. Ms. Waldron also distributed backup material to the Board prepared by Ms. Hansen which detailed her children's health issues.</p>
<input type="checkbox"/> 09132007RB-03	DISCUSSION ITEM	<p>PRESENTATIONS (10 MINUTES MAXIMUM) BY MEDICAL PLAN CARRIERS PROVIDING (<i>Plan Representatives</i>):</p> <ul style="list-style-type: none">■ "Heads up" re any significant renewal issues■ Brief overview of any distinctive new programs or services■ Description of anticipated problems relating to the HSS dashboard project <ol style="list-style-type: none">1. Blue Shield2. Kaiser3. PacificCare/Secure Horizons4. United HealthCare

- Bart Duncan, Director, reminded the vendors that the renewal proposals are due on Friday, September 21, 2007.
- Each Plan representative presented an overview to the Board:
 - Blue Shield
- Linda Patron, Blue Shield Senior Account Manager, reported the following:
 - There are currently no anticipated renewal issues or concerns.
 - Blue Shield is on track with the HSS Dashboard Project.
 - Blue Shield has filed for the Medicare Advantage offering with CMS.
 - Blue Shield will continue to work with Mercer as new requests arise (i.e., data requests, Open Enrollment, the renewal process).
- Distinctive programs offered in 2008-2009:
 - Healthy Lifestyle Rewards Program (currently in place): A comprehensive online program to focus, motivate, support and reward individual reduction of modifiable risk factors. A detailed report on member results will be provided at the end of this year.
 - Health Coaching (new program): A live coaching program integrated with the Healthy Lifestyle Rewards online program, which includes a team of nurses and coaches available to assist as the member participates in the health survey.
 - Health Advocate Program (new): A team of registered nurses offers a proactive, member-focused approach to health issues (health counseling, health and treatment-related options, member outreach regarding procedures, etc.).

- Kaiser Permanente
 - Joanne Haggerty, Kaiser Executive Account Manager, reported the following:
 - Kaiser's renewal proposal will be provided to Mercer on September 21, 2007. Renewal information regarding utilization through the end of November 2007 will not be provided, due to the timing of the request. However, data will be included through the end of March 2007. More information will become available as the rates and benefits process progresses.
 - Kaiser is opening or expanding new medical centers in Santa Clara, Antioch, Vallejo, South San Francisco and Vacaville over the next two years.
 - Kaiser has moved to a national pricing system. Custom reporting is being created to provide information to Mercer, including age banding and the top therapeutic groups.
 - Electronic Medicare enrollment is being considered and reprioritized for 2008, as requested by Mr. Duncan. Monthly updates will be provided.
 - PacifiCare
 - Lori Cumming, PacifiCare Account Executive, reported the following:
 - PacifiCare's renewal proposal will be submitted on September 21, 2007; there are no anticipated issues.
 - PacifiCare has only one month of credible experience, since becoming a healthcare provider effective July 1, 2007. They are working closely with Mercer to obtain previous data from Health Net through June 2007, which will assist in the renewal process for 2008-2009.
 - PacifiCare has been working with Mercer on the HSS Dashboard Project.
 - There will be no new programs in 2008. With the integration into United HealthCare, the best services offered by both providers will be presented to

members.

- Effective January 1, 2008, Secure Horizons will have a 24-hour nurse line available to members. Ms. Cumming will work with Health Service System staff to communicate this new benefit to members.
- United HealthCare
- Chris Anderson, United HealthCare Account Executive, reported the following:
- No renewal issues are anticipated at this time.
- Many of the new plans, effective July 1, 2007, are focused on wellness programs, such as those listed below:
- Personal Health Support – a group of programs and tools to assist members to achieve optimal health, remain healthy or live with an illness. Some of the tools provided include an online health assessment, a personal health record, online health coaching assistance and treatment decision support.
- The enhanced website, myuhc.com, was rolled out on July 1, 2007 to assist members in understanding and managing their health benefits, including claims information.
- The integrated voice response system of the customer care telephone line has been enhanced to increase response time and improve member navigation.
- In the Real Time Claim Auto Adjudication program, members receive payment information immediately before leaving a doctor's office.
- United HealthCare has delivered all historical data to Mercer for the HSS Dashboard Project.
- Supervisor Elsbernd departed the meeting during this segment.

PUBLIC COMMENTS: Richard Rothman, SEIU 1021 representative, asked the Board to consider a health plan for retired members not enrolled in the City Plan

who live outside the Bay Area. He also requested that, should any closed or side meetings with vendors take place, all such meetings are posted and that there are no Sunshine Ordinance violations in connection with the meetings.

<input type="checkbox"/> 10122006RB-04	DISCUSSION ITEM	OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (<i>Committee Chair Deignan</i>) <ul style="list-style-type: none">▪ Committee Chair Deignan reported that the next Rates and Benefits Committee meeting will be held on October 23, 2007, at 10:00 a.m. in Room 416 at City Hall. The following subjects will be discussed:<ul style="list-style-type: none">○ Self-Funded Plan Rates○ Fully-Insured Dental Plans○ Vision Plan
PUBLIC COMMENTS: None.		
<input type="checkbox"/> 09132007RB-05	DISCUSSION ITEM	OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.
PUBLIC COMMENTS: None.		
<input type="checkbox"/> 09132007RB-06	DISCUSSION ITEM	OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.
PUBLIC COMMENTS: None.		
ADJOURN: 3:11 PM		

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Tuesday, October 23, 2007

10:30 AM

10-18-07F 23-07 RWD
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

DOCUMENTS DEPT.

OCT 18 2007

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FOCUS OF MEETING:

1. VISION PLAN
2. FULLY-INSURED RETIREE DENTAL PLANS
3. SELF-INSURED PLANS

CALL TO ORDER

ROLL CALL

Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Scott Heldfond
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

□	10232007RB-01	ACTION ITEM	APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE MEETING SET FORTH BELOW:
			<ul style="list-style-type: none"> ▪ September 13, 2007
			<p>STAFF RECOMMENDATION: Approve Minutes.</p> <p><i>Documents provided to Committee prior to meeting: Draft minutes.</i></p>
			<p>PUBLIC COMMENTS:</p> <p>ACTION:</p>
10232007RB-02	ACTION ITEM	DETERMINATION OF VISION CARE RATES AND BENEFITS FOR PLAN YEAR 2008-2009, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD	<p><i>(Bart Duncan and Mercer Team)</i></p>
			<p>STAFF RECOMMENDATIONS:</p> <ol style="list-style-type: none"> 1. Make no changes to plan design. 2. Accept renewal proposal described by Mercer in below-referenced report.
			<p><i>Documents provided to Committee prior to meeting: Report prepared by Mercer.</i></p>
			<p>PUBLIC COMMENTS:</p> <p>ACTION:</p>

10232007RB-03 ACTION ITEM DETERMINATION OF DENTAL RATES AND BENEFITS FOR RETIRED EMPLOYEES FOR PLAN YEAR 2008-2009, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (*Bart Duncan and Mercer Team*)

STAFF RECOMMENDATIONS:

1. Delta: Accept renewal proposal described by Mercer in below-referenced report.
2. DeltaCare USA: Accept renewal proposal described by Mercer in below-referenced report.
3. Pacific Union: Discontinue plan if carrier fails to conform rate guarantee period and proposed increase level to that of other dental carriers.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

PUBLIC COMMENTS:

ACTION:

10232007RB-04 ACTION ITEM DETERMINATION OF DENTAL RATES AND BENEFITS FOR ACTIVE EMPLOYEES FOR PLAN YEAR 2008-2009, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (*Bart Duncan and Mercer Team*)

STAFF RECOMMENDATIONS:

1. Delta: Accept renewal proposal described by Mercer in below-referenced report.
2. DeltaCare USA: Accept renewal proposal described by Mercer in below-referenced report.
3. Pacific Union: Discontinue plan if carrier fails to conform rate guarantee period and proposed increase level to that of other dental carriers.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

PUBLIC COMMENTS:

ACTION:

- 10232007RB-05 **DISCUSSION ITEM** **DISCUSSION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2008-2009** (*Bart Duncan and Mercer Team*)
Documents provided to Committee prior to meeting: Report prepared by Mercer.
PUBLIC COMMENTS:
ACTION:
- 10232007RB-06 **DISCUSSION ITEM** **OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (*Committee Chair Deignan*)
PUBLIC COMMENTS:
- 10232007RB-07 **DISCUSSION ITEM** **OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.**
PUBLIC COMMENTS:
- 10232007RB-08 **DISCUSSION ITEM** **OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.**
PUBLIC COMMENTS:
- ADJOURN**

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

MINUTES

Special Meeting

Tuesday, October 23, 2007

10:30 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

DOCUMENTS DEPT.

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FOCUS OF MEETING:

1. VISION PLAN
2. FULLY-INSURED RETIREE DENTAL PLANS
3. SELF-INSURED PLANS

CALL TO ORDER

ROLL CALL

Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson, *Excused*
Committee Member Scott Heldfond
Committee Member Mitch Katz, M.D., *Excused*
Committee Member Claire Zvanski

□ 10232007RB-01 ACTION ITEM **APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE MEETING SET FORTH BELOW:**

- September 13, 2007

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Committee to approve the minutes of September 13, 2007. Motion passed 5-0.

□ 10232007RB-02 ACTION ITEM **DETERMINATION OF VISION CARE RATES AND BENEFITS FOR PLAN YEAR 2008-2009, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan and Mercer Team)**

STAFF RECOMMENDATIONS:

1. Make no changes to plan design.
2. Accept renewal proposal described by Mercer in below-referenced report.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Bart Duncan, Director, thanked the Mercer Team for the materials prepared for today's meeting.
- Rhys Evans, Mercer Team, reported the following regarding the vision plan:
- The Vision Service Plan's proposal for vision care rates and benefits consists of three options:
 1. A 6% rate decrease for 12 months;
 2. A 4% rate decrease for 24 or 36 months;
 3. An increase in the network frame allowance from \$130 to \$150 and provide a 2% rate decrease for 36 months.
- An updated proposal included an option of a 3% rate decrease and an increase in the network frame allowance from \$130 to \$150 fixed for 36 months.

- The renewal reflects a \$270,000 reduction in costs for the vision plan over the period of the contract. The additional savings from the revised renewal is approximately \$90,000 over the period of the contract.
- HSS staff has recommended the updated proposal of a 3% rate decrease and an increase in the network frame allowance from \$130 to \$150 fixed for 36 months.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Committee to approve the vision care rates and benefits for Plan Year 2008-2009 as presented in the Mercer report. Motion passed 5-0.

10232007RB-03 ACTION ITEM

DETERMINATION OF DENTAL RATES AND BENEFITS FOR RETIRED EMPLOYEES FOR PLAN YEAR 2008-2009, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (*Bart Duncan and Mercer Team*)

STAFF RECOMMENDATIONS:

1. Delta: Accept renewal proposal described by Mercer in below-referenced report.
2. DeltaCare USA: Accept renewal proposal described by Mercer in below-referenced report.
3. Pacific Union: Discontinue plan if carrier fails to conform rate guarantee period and proposed increase level to that of other dental carriers.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Bart Duncan reported that Pacific Union Dental has matched the proposals of the other dental insurance carriers.
- Rhys Evans, Mercer Team, reported the following regarding the dental plans:
- Delta Dental:
- The original proposal for retired employees consisted of two options:
 - A 0% renewal for 12 months
 - A 3.23% renewal for 24 months

- Two new standard benefits were also included:
 - Coverage for dental implants
 - Enhancements of certain benefits for pregnant women
- An updated proposal from Delta Dental has also been received:
 - A 0% renewal over 24 months
 - No additional cost for benefit enhancements
- The estimated savings to participating retirees over the original 24-month proposal is approximately \$2.60 per retiree per month or a savings of approximately \$450,000 over the 24-month period.
- Commissioner Zvanski asked for clarification on the members' dollar amount associated with the dental implant coverage.
- Lois Cannon, Delta Dental representative, responded that implants will be covered under the current maximum for the retirees, which is \$1,000 per calendar year, and will fall under the prosthetic coverage (50%).
- Mr. Evans reported that the staff recommendation for the Delta Dental plan is to proceed with a flat renewal for 24 months including the proposed benefit changes.
- DeltaCare USA:
- Originally proposed a 2.59% rate increase for 24 months.
- An updated proposal recommends a rate pass for 24 months.
- The estimated average savings over the original 24-month proposal is approximately \$1.00 per enrollee per month for participating employees and retirees or approximately \$60,000 over the 24-month contract period.
- Pacific Union Employee and Retiree Dental Plans:
- Originally proposed a 2% increase for a 12-month contract or a 3% increase over a 24-month contract period.

- An updated proposal recommends a rate pass for 24 months. The estimated savings is \$1.00 per enrollee per month or approximately \$30,000 over the 24-month contract period.

PUBLIC COMMENTS: Gerry Meister, UESF Retired Teachers' representative, asked if an increase in the number of cleanings for retirees has been considered by the Board since many dentists are now recommending three to four cleanings a year.

ACTION: Motion was moved and seconded by the Committee to approve the Delta Dental, DeltaCare USA and Pacific Union dental rates and benefits for Plan Year 2008-2009 as presented in the Mercer report. Motion passed 5-0.

10232007RB-04 ACTION ITEM

DETERMINATION OF DENTAL RATES AND BENEFITS FOR ACTIVE EMPLOYEES FOR PLAN YEAR 2008-2009, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (*Bart Duncan and Mercer Team*)

STAFF RECOMMENDATIONS:

1. Delta: Accept renewal proposal described by Mercer in below-referenced report.
2. DeltaCare USA: Accept renewal proposal described by Mercer in below-referenced report.
3. Pacific Union: Discontinue plan if carrier fails to conform rate guarantee period and proposed increase level to that of other dental carriers.

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Rhys Evans, Mercer Team, reported the following regarding the self-funded employee dental plan:
 - As expected, the overall claims experience has been favorable. The revenue collected exceeded the estimated incurred claims which resulted in an overage of \$1.6 million for the 2006-2007 Plan Year (approximately half a month of average plan cost).
 - The full \$1.6 million overage from the 2006-2007 Plan Year has been applied to the projected rate for the 2008-2009 Plan Year. This is the first time that the self-funded plans' policy discussed at last month's Board meeting

has been used.

- If trend experience follows what is anticipated, no overage will result at the end of the 2007-2008 Plan Year.
- The current employee cost paid fully by the employer is \$104.42 per employee per month for the 2007-2008 Plan Year.
- The expected employer cost for the 2008-2009 Plan Year is \$111.53 per employee per month, which includes guaranteed premium rates and projected self-funded plan costs.
- The application of the \$1.6 million 2006-2007 Plan Year overage spread over the anticipated employee enrollment results in an offsetting amount of \$4.56 per employee per month (the "Stabilization Amount").
- The proposed 2008-2009 City contribution per employee is \$106.97 per month, which is a 2.4% increase over the current rates. Approximately one-half of a percent of that increase is associated with employees migrating to the self-funded plan from DeltaCare USA and Pacific Union.

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Committee to approve the Delta Dental, DeltaCare USA and Pacific Union dental rates and benefits for Plan Year 2008-2009 as presented in the Mercer report. Motion passed 5-0.

10232007RB-05 **DISCUSSION ITEM**

DISCUSSION OF CITY HEALTH PLAN RATES AND BENEFITS FOR PLAN YEAR 2008-2009 (*Bart Duncan and Mercer Team*)

Documents provided to Committee prior to meeting: Report prepared by Mercer.

- Bart Duncan reported the following:
- The pharmacy diagnostic comparison in today's materials is a preview of the type of plan information that will be provided in the Dashboard Project, which will roll out over the next year. The diagnostic comparison includes the City Plan and the historical experience of Kaiser and Blue Shield.
- There will be an RFP for the City Health Plan

in May 2008.

- The current claims audit, which includes medical and pharmacy data, is almost completed.
- Rhys Evans, Mercer Team, presented the following:
- While the claims experience for the 2006-2007 Plan Year was lower than anticipated in the premium equivalent rates (medical and pharmacy self-funded premiums), there has been a recent deterioration in the trend experience for the medical component of cost. It is important to note that it is still early in the review of the claims experience.
- Pharmacy costs continue to be high but are not out of line in the marketplace for pharmacy trends.
- The large claims in the employee and non-Medicare retiree groups continue to be very volatile. Overall, the percentage of paid claims has been fairly stable; however, the actual dollar amounts are increasing and should be factored in.
- The active employees incurred very high claims prior to April 2007. The trends for the City Plan is driven by the experience of this employee group.
- If positive trends continue, the non-Medicare and Medicare retiree groups will most likely break even in claims and will be close to the 2007-2008 Plan Year target.
- For the 2006-2007 Plan Year:
 - The total expected cost was \$67.5 million; the actual cost for that plan year was \$59.5 million.
 - The expected trust fund subsidy was \$11.9 million; the actual trust fund subsidy used was \$3.1 million due to lower claims than expected resulting in a difference of \$8.8 million or the “stabilization amount.”
- One-third of the difference or “stabilization amount” (\$8.8 million) has been incorporated into the projections for the 2008-2009 Plan

Year preliminary rates per the Self-Funded Plans' Funding Policy. The stabilization amount of \$8.8 million has been divided into thirds and allocated to the projected costs for the following groups: active employees, early retirees and Medicare retirees. The premium experience numbers could change; however, the \$8.8 million amount will not change because it is based on the 2006-2007 actual claims experience.

- The impact of the distribution of the stabilization amount decreases the initial unadjusted premium equivalent rates by 4-5%.
- A pharmacy diagnostic analysis was completed by Mercer in late September on the City Plan, Kaiser and Blue Shield, which examined each of the vendor's financial performance guarantees and their reporting capabilities. As a result, similar statistics can be compared side-by-side to provide analyses for the Dashboard Project.
- The City Plan membership is utilizing prescription drugs at a much higher level than Kaiser and Blue Shield members (almost double).
- The prescription plan cost (per member per month) in the City Plan is four to five times the rate for both Kaiser and Blue Shield. The current prescription benchmark is approximately \$60 per prescription (with the introduction of new drugs or popular drugs becoming generic, this amount could change).
- The average member cost share is approximately 16% in the City Plan and the cost share for Blue Shield is 17-18%. The national benchmark is more than 20%. The member cost share percentages for Kaiser were not available.
- Mercer will continue to review the claims experience of the City Plan and will update the analysis through December 2007.
- A meeting between HSS, Mercer, the Uniprise account team and its medical director has been scheduled on November 13 to discuss the City Plan's performance from a clinical perspective.

- A self-funded Medicare Prescription Drug Plan proposal has been received from United Retiree Solutions and is under review. As a part of the City Health Plan, certain services related to CMS interaction would be replaced by United Retiree Solutions and would mirror similar services provided by the other plans. An RFP would not be necessary.

PUBLIC COMMENTS: None.

10232007RB-06 **DISCUSSION ITEM**

OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING (*Committee Chair Deignan*)

- As requested by Committee Chair Deignan, Mr. Duncan reported that the November 27, 2007 Rates and Benefits Committee meeting will focus on the HMO plans.

PUBLIC COMMENTS: None.

10232007RB-07 **DISCUSSION ITEM**

OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.

PUBLIC COMMENTS: None.

10232007RB-08 **DISCUSSION ITEM**

OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.

PUBLIC COMMENTS: Kim Waldron, Local 21 representative, followed up on her comments from the September 13, 2007 Rates and Benefits Committee meeting where she requested that the Board consider including pediatric neuropsychological evaluations, pediatric speech therapy and pediatric occupational therapy as covered benefits in the 2008-2009 benefit plans. She reported on an employer in Cincinnati, Ohio who provides these benefits and has verbally expressed that there has not been a significant impact on costs. She is going to send the information to Mr. Duncan for review.

ADJOURN: 12:17 PM

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City & County of San Francisco

HEALTH SERVICE BOARD

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R A T E S A N D B E N E F I T S C O M M I T T E E

Notice and Agenda

Special Meeting

Tuesday, November 27, 2007

10:00 A.M.

11-20-07PD157 REMD

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City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: Fully-insured and flex-funded HMO plans

- Call to order
- Roll call
 - Committee Chair James Deignan
 - Committee Member Karen Breslin, Board President
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
 - Committee Member Claire Zvanski
- 11272007-01 Action item
 - Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special meeting of October 23, 2007
 - Staff recommendation: Approve minutes.
 - Documents provided to Board prior to meeting:
Draft minutes.*
 - Public Comments:
 - Action:

□ 11272007-02 Discussion item Report on preliminary 10-County Survey results for Fiscal Year 2008-2009 (Jeffrey Hildebrant)
Documents provided to Board prior to meeting: None.
Public Comments:

□ 11272007-03 Action item Determination of HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Bart Duncan and Mercer Team)
Staff Recommendations:

- Staff model HMO (Kaiser):
 - Make no changes to plan design
 - Accept renewal as set forth in report referenced below, provided that Kaiser and HSS staff develop (prior to Health Service Board approval) a plan to address transparency and timing issues described in report referenced below
- IPA model HMOs (Blue Shield and PacifiCare):
 - Modify plan design to increase Rx copays: Tier 2 drugs at \$20 and Tier 3 drugs at \$35
 - Reject current renewal proposals described in report referenced below

Documents provided to Board prior to meeting:
Report prepared by Mercer.
Public Comments:
Action:
□ 11272007-04 Discussion item Opportunity to Place Items on Future Agendas
Public Comments:
□ 11272007-05 Discussion item Opportunity for the Public to Comment on any Matters within the Board's Jurisdiction
Public Comments:

Adjourn

Summary of Health Service System Rules Regarding Public Comment

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

R A T E S A N D B E N E F I T S C O M M I T T E E

Minutes

Special Meeting

Tuesday, November 27, 2007

10:00 A.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

Focus: Fully-insured and flex-funded HMO plans

- Call to order
- Roll call
 - Committee Chair James Deignan
 - Committee Member Karen Breslin, Board President
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
 - Committee Member Claire Zvanski
- 11272007-01 Action item
 - Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special meeting of October 23, 2007
 - Staff recommendation: Approve minutes.
 - Documents provided to Board prior to meeting:
Draft minutes.*

Public Comments: None.

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<input type="checkbox"/> 11272007-01	<p>Action item (cont.)</p>	<p>Action: Motion was moved and seconded by the Board to approve the special meeting minutes of October 23, 2007. Motion passed 7-0.</p>
<input type="checkbox"/> 11272007-02	<p>Discussion item</p>	<p>Report on preliminary 10-County Survey results for Fiscal Year 2008-2009 (Jeffrey Hildebrant)</p> <p><i>Documents provided to Board prior to meeting:</i> None.</p> <ul style="list-style-type: none">▪ Jeffrey Hildebrant, Assistant Director, reported the following regarding the 10-County Survey results for Fiscal Year 2008-2009:▪ HSS is currently waiting for Los Angeles County to report its results, which have not yet been finalized.▪ Fifty percent (50%) of the counties in the Survey have eliminated one or more plans, and half of the plans have included additional options.▪ The estimated 10-County increase of 5.5% in the Mercer presentation today is higher than the approximate 4% increase now anticipated, pending the Los Angeles County results.▪ The 2007-2008 10-County Survey increase was 9.7%; the 2008-2009 increase is the lowest since the 1999-2000 Plan Year, which was a little more than 3%.▪ A more detailed report will be provided at the December 27, 2007 Rates and Benefits Committee meeting.

Public Comments: None.

□ 11272007-03 Action item

Determination of HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Bart Duncan and Mercer Team)

Staff Recommendations:

- Staff model HMO (Kaiser):
 - Make no changes to plan design
 - Accept renewal as set forth in report referenced below, provided that Kaiser and HSS staff develop (prior to Health Service Board approval) a plan to address transparency and timing issues described in report referenced below
- IPA model HMOs (Blue Shield and PacifiCare):
 - Modify plan design to increase Rx copays: Tier 2 drugs at \$20 and Tier 3 drugs at \$35
 - Reject current renewal proposals described in report referenced below

Documents provided to Board prior to meeting:

Report prepared by Mercer.

Public Comments: None.

- Bart Duncan, Director, thanked the Mercer team for its analysis and work to date in obtaining additional information and identifying points of discussion possible with some of the carriers.
- Rhys Evans, Mercer team, reported the following:
 - The latest HMO renewal proposals for the 2008-2009 Plan Year result in a composite 9.7% increase over the 2007-2008 Plan Year premiums. The proposed renewals by plan are as follows:
 - Kaiser:
 - Active members and pre-Medicare retirees (under 65): +7.0% increase
 - Over 65 retirees: -4.3% reduction

- **Blue Shield:**
 - Active members and pre-Medicare retirees (under 65): +14.0% increase (flex-funded)
 - Over 65 retirees: +6.7% increase
- **PacifiCare:**
 - Active members and under 65 retirees: +15.8% increase (flex-funded)
 - Over 65 retirees: +8.3% increase
- All of the exhibits in the Mercer report are based on a 5.5% 10-County Survey increase; however, the actual percentage increase will be lower, as reported by Mr. Hildebrant.
- The overall average 2007-2008 Plan Year renewal was estimated at 7.4% (excluding Trust Fund subsidy).
- The current proposals indicate aggregate premium proposals in the amount of \$480M for the 2008-2009 Plan Year.
- Due to a 100-day lag, Kaiser's renewal is based on March 2007 claims data. Later claims data is now available (through June 2007); however incorporating updated information into the renewal process could change the proposed renewal rates (either increase or decrease depending upon the data). Accepting the current proposal would lock in today's rates.
- Across the board, the overall membership will pick up approximately 10-12% of the cost of premiums.
- Blue Shield's current rate proposal for active employees and pre-Medicare retirees is 14% over its 2007-2008 rates; the revised renewal proposal represents a 0.5% decrease (approximately \$900,000) in premium costs over the original proposal.
- Due to the lack of detailed information from Health Net, Mercer provided Blue Shield with aggregated Health Net data. There has been a slight reduction in Blue Shield's medical and prescription projection trends although

- 11272007-03 Action item (cont.)
 - the prospective trend assumptions appear high. Capitation trends have increased slightly.
 - The renewal rate for Blue Shield Medicare retirees includes a +6.7% increase. There was a large influx of former Medicare Advantage plan members (Health Net Seniority Plus) into the Blue Shield plan. Because Medicare Advantage is a very different product than the current Blue Shield plan, historic claims data would have very little relevance prospectively.
 - The alternate prescription design developed for the City Plan is recommended for the 2008-2009 Blue Shield plan in areas such as increasing the generic prescription dispensing rates, increasing mail order utilization and keeping generic copays the same but increasing the differentials between generic and brand and the non-brand formularies to encourage generic utilization. The costs are as follows :
 - Current retail design: \$5/\$15/25
 - Recommended design: \$5/\$20/\$35
 - Current mail order design: \$10/\$20/\$30
 - Recommended mail order design: \$10/\$40/\$70
 - PacifiCare's current renewal proposal for active employees and pre-Medicare retirees is at 15.8%. The renewal is based primarily on adjusted Health Net data.
 - The capitation amount included in PacifiCare's proposed renewal is not based on the projection of an adjusted Health Net amount, but on a PacifiCare-specific estimate based on the location and the enrollment characteristics of its new membership of former Health Net members.
 - PacifiCare used the maximum increase to the administrative services expense allowed in its contract, which resulted in a substantial increase on a per member basis. Mercer requested that PacifiCare review this

increase to ensure that the cost is fair and appropriate.

- A revised renewal proposal represents a 2.6% decrease over PacifiCare's original proposal (approximately \$1M). Since a large component is flex-funded, the experience will dictate the amount paid by the Trust Fund to the program.
- PacifiCare's proposed renewal for its Medicare Advantage plan is 8.3%. Renewal is based on manual rates for the former Health Net membership. Since there is very little credible historic information for PacifiCare to use, only a minimal level of detail was supplied in the renewal calculation.
- The aggregate level of trends used for projecting retiree costs and CMS reimbursements into the 2008-2009 Plan Year appear reasonable.
- Mercer recommends that PacifiCare consider the same proposed prescription plan change as Blue Shield for active employees, pre-Medicare retirees and Medicare retirees to encourage generic and mail order utilization to make the plan as efficient as possible and reduce the copay structure.
- Commissioner Heldfond expressed reservations about making commitments regarding the rates for any of the HMOs until the Committee has received all of the information (i.e., 10-County Survey amount, expense ratios). He requested that high level estimates of the HMOs' cost management options be presented to the Committee prior to making any decisions regarding the HMO plan rates.
- Through discussion, it was requested that all of the HMO plans identify and present to the Committee two to three additional change options by reviewing areas in the rates that can be shaved without impacting the member benefit package (i.e., ASO fees, capitation amount calculations). The plans were asked to make their presentations at the next Rates and Benefits Committee meeting on

<input type="checkbox"/> 11272007-03	<p>Action item (cont.)</p>	<p>December 27, 2007. Mercer will review the vendor information for reasonableness.</p> <p>Action: Motion was moved and seconded by the Committee to approve the Kaiser rates contingent upon its transparency plan and the staff recommendation. Motion failed 5-2. Commissioners Breslin and Zvanski voted in favor of the motion; Commissioners Deignan, Heldfond, Johnson, Katz and Supervisor Elsbernd voted against the motion.</p>
<input type="checkbox"/> 11272007-04	<p>Discussion item</p>	<p>Opportunity to Place Items on Future Agendas</p> <p>Public Comments: Robin Hansen, active CCSF employee, followed up on Kim Waldron's request at the October 23, 2007 Committee meeting that the Board consider the addition of pediatric speech and language benefits and pediatric neuropsychological evaluations as covered medical benefits for the 2008-2009 Plan Year. She cited several studies in which the cost to employers for providing such benefits was between \$.05 and \$.10 per enrollee per month in average claim expenses.</p>
<input type="checkbox"/> 11272007-05	<p>Discussion item</p>	<p>Opportunity for the Public to Comment on any Matters within the Board's Jurisdiction</p> <p>Public Comments: None.</p>

Adjourn: 12:13 p.m.

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES AND BENEFITS COMMITTEE

Notice and Agenda

Special Meeting

Thursday, December 27, 2007

1:00 P.M.

12-19-07 PDC-BB-PW

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: HMO and PPO Plans

- Call to order
- Roll call Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Scott Heldfond
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

□ 12272007-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:

- Special meeting of November 27, 2007

Staff recommendation: Approve minutes.

*Documents provided to Board prior to meeting:
Draft minutes.*

Public comments:

Action:

□ 12272007-02 Discussion item Disclosure of participation in benefits provided by the Health Service System (President Breslin)

*Documents provided to Board prior to meeting:
None.*

Public comments:

□ 12272007-03 Discussion item Disclosure of donations or contributions by Health Service System health plan vendors or affiliates (including associated foundations funded in whole or in part by such vendors or affiliates) to the City or to City-sponsored programs (President Breslin):

- Blue Shield
- Delta Dental/DeltaCare USA
- Kaiser
- PacifiCare
- Pacific Union Dental
- United HealthCare
- VSP

*Documents provided to Board prior to meeting:
None.*

Public comments:

□ 12272007-04 Action item Report on 10-County Survey results for Fiscal Year 2008-2009 and approval of such results, subject to final approval by Health Service Board (Jeffrey Hildebrant)

*Documents provided to Board prior to meeting:
Report on final 10-County Survey results.*

Public comments:

Action:

Determination of HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (HMO Vendor Representatives in the order set forth below, followed by Mercer Team analysis)

HMO vendor presentations covering:

- Changes in the renewal quotes outlined in Mercer report of 11/27/07:
 - Weaknesses in quotes mentioned in Mercer report of 11/27/07
 - Reductions based on any other factors
- Proposed benefit reductions (item by item) and associated reduction in renewal quote
- Any enhanced performance guarantees (both at-risk dollars and additional metrics)
- Specific forecast/commitments as to what HSS can expect in next year's renewal rates for each rating group, including a high level, but specific discussion of the vendor's quality of care, case management, disease management, wellness, member engagement, hospital/provider management and efficiency initiatives that can be expected to moderate future premium increases
- Status of efforts to support HSS Dashboard, including any potential future challenges

1. Blue Shield presentation
2. Kaiser presentation
3. PacifiCare presentation
4. Mercer Team's overview and analysis

Documents provided to Board prior to meeting:
Report prepared by Mercer.

Public comments:

Action:

- 12272007-06 Action item Determination of City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Mercer Team)
Documents provided to Board prior to meeting:
Report prepared by Mercer.
Public comments:
Action:
- 12272007-07 Discussion item Opportunity to place items on future agendas
Public comments:
- 12272007-08 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments:

Adjourn

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HEALTH SERVICE BOARD

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R A T E S A N D B E N E F I T S C O M M I T T E E

Minutes

Special Meeting

Thursday, December 27, 2007

1:00 P.M.

City Hall, Room 416

1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: HMO and PPO Plans

Call to order

Roll call

Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd, excused
Committee Member Scott Heldfond
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D., excused
Committee Member Claire Zvanski

<input type="checkbox"/>	12272007-01	Action item	<p>Approval (with possible modifications) of the minutes of the meeting set forth below:</p> <ul style="list-style-type: none"> ▪ Special meeting of November 27, 2007 <p>Staff recommendation: Approve minutes.</p> <p><i>Documents provided to Board prior to meeting:</i> <i>Draft minutes.</i></p> <p>Public comments: None.</p> <p>Action: Motion was moved and seconded by the Committee to approve the special meeting minutes of November 27, 2007. Motion passed 5-0.</p>
<input type="checkbox"/>	12272007-02	Discussion item	<p>Disclosure of participation in benefits provided by the Health Service System (President Breslin)</p> <p><i>Documents provided to Board prior to meeting:</i> <i>None.</i></p> <ul style="list-style-type: none"> ▪ President Breslin reported that as a result of a conflicts of interest presentation (<u>Lexin v. Superior Court</u>) by the City Attorney's office at the December 13, 2007 regular Board meeting, all Health Service Board commissioners are being asked to disclose their participation in benefit plans provided by the Health Service System and asked Erik Rapoport, Deputy City Attorney, to elaborate. ▪ Erik Rapoport reported that the City Attorney's advice is should a court determine that a Government Code 1090 conflict of interest violation occurred, the Rule of Necessity would apply. The Rule would require all Health Service Board members, certain Health Service System staff members who participate in the rate-setting process and certain members of the City Attorney's office to disclose whether they are currently members in the Health Service System or could potentially become members during an open enrollment process. ▪ Bart Duncan, Director, identified the following Health Service System staff as individuals who should disclose their participation in the benefit plans provided by HSS: Jeffrey Hildebrant, Tess Navarro, Robin Courtney and himself.

- The following commissioners disclosed their participation in the benefit plans provided by the Health Service System: Commissioners Breslin, Zvanski, Deignan and Johnson. Commissioner Heldfond is eligible to participate but currently does not. Commissioner Katz and Supervisor Elsbernd (not present) are eligible to participate, if they currently do not.
- Erik Rapoport reported that the following City Attorney's Office employees should disclose that they are members of the Health Service System: Caryn Bortnick, Vicki Clayton, Buck Delventhal, Elizabeth Salveson, Rich Sheinfeld, Jesse Smith and himself.
- Mr. Rapoport reported that the Rule of Necessity allows the entire Health Service Board to participate in the rates and benefits process because of the balance between elected and appointed members as set forth in Charter section 12200, combined with the heightened voting requirements for adopting plans set forth in Charter section A8.421.
- Public comments: None.

12272007-03 Discussion item Disclosure of donations or contributions by Health Service System health plan vendors or affiliates (including associated foundations funded in whole or in part by such vendors or affiliates) to the City or to City-sponsored programs (President Breslin):

- Blue Shield
- Delta Dental/DeltaCare USA
- Kaiser
- PacifiCare
- Pacific Union Dental
- United HealthCare
- VSP

Documents provided to Board prior to meeting:
None.

- President Breslin reported that she has received many questions regarding the disclosure by one of the Board members at last month's regular meeting regarding

Kaiser's donation to the Mayor's Shape Up Program. Members are concerned that Board members may possibly be influenced by vendors giving donations to other programs. As a result, she has asked all of the vendors to disclose their company's charitable contributions to the employer groups to ensure member confidence that all Board members are working in their best interests.

- **Blue Shield** - Tom Epstein, Vice President of Public Affairs for Blue Shield of California, reported that the total charitable contributions made in San Francisco by the Blue Shield Foundation and Corporation combined in 2006-2007 was \$8,846,944. He presented a list which included a breakdown of each recipient, the amount and year the donation was made.
- **Delta Dental** - Valerie Layne, Director of Services, reported that Delta Dental supports many programs to promote dental health throughout California and the United States. She will provide a detailed list of contributions to the Board at the next regular Board meeting.
- **Kaiser Permanente** - Joanne Haggerty, Kaiser representative, reported that Kaiser sponsors two types of programs—community grants and partnership programs. She provided a detailed list of the grants made by Kaiser which focuses solely on donations made to organizations in San Francisco.
- **PaciFiCare** - Andrea Robinson, Vice President, Sales and Account Management, reported that through PaciFiCare's acquisition by United HealthCare there is a unit focused on community programs affiliated specifically with the City and County of San Francisco. She will provide a detailed list of contributions to the Board at the next regular Board meeting.
- **Pacific Union Dental** - Jacqueline Cienfuego, Account Manager, reported that although Pacific Union Dental merged with United Healthcare, the only contribution that she is

aware of is the United Way organization through which many employees may contribute to any charity of their choice. She will provide the Board with a detailed list of other contributions, if they exist.

- United HealthCare – Mike Saavedra, United HealthCare representative, reported that United Health Group contributes to many charitable causes and foundations nationally. A contribution of \$5,000 was made recently to support the HSS Health Fair in October. He will provide a detailed list of contributions made to non-profit San Francisco organizations (if any) to the Board at the next regular Board meeting.
- VSP (Vision Service Plan) – Mike Carlson, VSP representative, reported that the bulk of VSP's charitable donations are in the form of the Sight for Students Program wherein eye examinations and frames are provided to children within 200% of the poverty line. VSP donated \$12.7M to this program in 2006 and \$10.3M has been donated year to date. He will provide a detailed list of contributions to the Board at the next regular meeting.
- Commissioner Zvanski requested that the vendors provide a detailed list of donations for all employers, including the Unified School District and Community Colleges which also addresses the purpose of the contribution (i.e., specific project, operations, etc.).

Public comments: Nancy Gin, retired City employee and Chair of Protect Our Benefits, questioned the corporate and foundation contributions made by the vendors and the corresponding corporate tax breaks in light of proposed increased healthcare co-pays and deductibles by the vendors.

12272007-04 Action item

Report on 10-County Survey results for Fiscal Year 2008-2009 and approval of such results, subject to final approval by Health Service Board (Jeffrey Hildebrant)

*Documents provided to Board prior to meeting:
Report on final 10-County Survey results.*

- Jeff Hildebrant, Assistant Director, reported the following regarding the 10-County Survey:
 - The 10-County amount is the average contribution made on behalf of each of the counties as employers; the numbers do not represent plan increases but rather contributions by employers.
 - The 10 counties remain the same; however, Riverside and San Bernardino switched places in ranking.
 - The survey illustrates a 3.9% increase over the current amount to \$418.80, which is the lowest increase since the late 1990s.
 - Five of the ten counties terminated or discontinued one or more plan options; and five of the ten counties added one or more plan options.
 - Due to two self-insured PPOs, Orange County had a 12.7% decrease in employer contributions. Prior to 2008, it combined retired and active employees to determine rates. For the 2008 plan year, Orange County has rated its membership of retired and active employees separately. Removing the retiree population dropped the rates significantly which contributes to the low increase in the overall 10-County amount.
 - Alameda County had significant changes in premiums which resulted in higher county contributions. The plans remained the same.
 - Sacramento County discontinued 75% of plan options currently offered. Those changes resulted in no increase in the County's average costs.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the final 10-County Survey results in the amount of \$418.80 for the 2008-2009 Plan Year (3.9% increase), subject to final approval by the Health Service Board. Motion passed 5-0.

□ 12272007-05 Action item

Determination of HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (HMO Vendor Representatives in the order set forth below, followed by Mercer Team analysis)

HMO vendor presentations covering:

- Changes in the renewal quotes outlined in Mercer report of 11/27/07:
 - Weaknesses in quotes mentioned in Mercer report of 11/27/07
 - Reductions based on any other factors
- Proposed benefit reductions (item by item) and associated reduction in renewal quote
- Any enhanced performance guarantees (both at-risk dollars and additional metrics)
- Specific forecast/commitments as to what HSS can expect in next year's renewal rates for each rating group, including a high level, but specific discussion of the vendor's quality of care, case management, disease management, wellness, member engagement, hospital/provider management and efficiency initiatives that can be expected to moderate future premium increases
- Status of efforts to support HSS Dashboard, including any potential future challenges

1. Blue Shield presentation
2. Kaiser presentation
3. PacifiCare presentation
4. Mercer Team's overview and analysis

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Blue Shield – Jeff Hermosillo presented a PowerPoint to address the Health Service System's request for specific information and discussions with Mercer regarding Blue Shield's approach to renewal, trends, Health Net data and Medicare rates. The Blue Shield PowerPoint presentation is attached at the end of the minutes.

- Kaiser – Joanne Haggerty presented a PowerPoint to address the Health Service System's request for specific information regarding plan alternatives. Kaiser presented a 7% renewal increase to Mercer for active and under age 65 members and a -4.3% reduction for over 65 members. Performance guarantees will be addressed at the quarterly vendor meetings with HSS and will cover such topics as member service calls, claims processing and ID cards. Kaiser is working to reduce its lag time, which will also be included in the performance guarantees. The Kaiser PowerPoint presentation is attached at the end of the minutes.
- PacifiCare – Andrea Robinson and Tom Gehlbach presented a PowerPoint to address the Health Service System's request for specific information regarding plan alternatives. As a new provider, PacifiCare had very limited experience under its plan and relied heavily on Health Net data from Mercer. Approximately 8,000 former Health Net members were enrolled in PacifiCare. An additional 1% reduction on alternative prescription plan design for retirees has been proposed. The PacifiCare PowerPoint presentation is attached at the end of the minutes.
- Mercer Team's Overview – Rhys Evans reported that Mercer worked with the HMOs after the November 27, 2007 meeting to resolve the open renewal issues presented at that meeting. To date, Kaiser and Blue Shield renewal proposals have not changed. PacifiCare's renewal proposal has not changed, however, a reduction in the Medicare pharmacy plan design has been proposed.
- The rate increases for the plans remain the same and are as follows:
 - Kaiser:
 - Active members and pre-Medicare retirees (under 65): +7.0% increase
 - Over 65 retirees: -4.3%

reduction

- Blue Shield:

- Active members and pre-Medicare retirees (under 65): +14.0% increase (flex-funded)
- Over 65 retirees: +6.7% increase

- PacifiCare:

- Active members and under 65 retirees: +15.8% increase (flex-funded)
- Over 65 retirees: +8.3% increase
- The City Plan is running lower than both the Blue Shield and Kaiser plans for the Medicare group.
- The 2008 -2009 10-County amount is \$418.80, which represents a 3.9% increase over the 2007-2008 Plan Year.
- The current premium proposals reflect an estimated spend of approximately \$547M for the HSS plans.
- The average employer cost is increasing approximately 7-8%.
- The retiree increases are considerably higher because of the impact of the 10-County amount.
- While the vendors were requested to address the open issues identified at the November 27, 2007 meeting, the renewal proposals have remained the same. Agreement could not be reached between Mercer, HSS and the vendors.
- The Mercer PowerPoint presentation is attached at the end of the minutes.
- Committee Chair Deignan responded to Mercer's presentation that he would prefer eliminating one or more of the HMOs in light of Blue Shield's increased renewal proposal of \$25M.

- The Committee discussed considering reducing the number of available HMOs to one (i.e., Kaiser), and providing members with the plan choices of either Kaiser or the City Plan.
- The Committee agreed to vote on approval of the Kaiser rates today but will not to approve the HMO rates presented at this meeting.

Public comments: Stephanie Lyons, President of the Retired Employees of the City and County of San Francisco, thanked the Committee for its due diligence regarding the disclosure of the vendors' charitable contributions to various organizations. She urged the Committee not to approve any co-pay increases for any of the plans and recounted the experience dealing with her son's illness, diagnosis and treatment over an eight month period. She reported on the many physician co-pays and pharmacy bills that she has paid, and the issue between generic versus brand name drugs and how her son's health was affected. She stated increased co-pays will force some families to make choices regarding which member receives medical treatment.

Claire Dunn, retired teachers' and retired City employees' representative, concurred with Ms. Lyons' request to keep the co-pays the same, especially for retired members due to their fixed incomes. Many retirees have difficulty paying higher amounts in light of small cost of living increases.

Richard Rothman, SEIU 1021 representative, suggested that there should be at least three plans available to members. He also suggested that the City provide a wellness plan for its employees.

Saul Weiner, retired member, commended the Committee on meeting its fiduciary responsibilities. He has asked that the Committee consider the needs of the retired members regarding the co-pays. He also suggested that Kaiser consider a transferable membership across the state.

Kay Walker, retiree, concurs with the suggestion to eliminate Blue Shield as an HMO option. She stated that as a former Health Net member, she has had difficulties with Blue Shield. She would accept Kaiser and the City Plan as options for members.

Herbert Weiner, retiree, expressed concern regarding the HMOs' (Blue Shield and PacifiCare) proposed plan increases which will place burdens on active and retired members.

Dr. Ruben Jaffe, a retired San Francisco Unified School District member, commended Bart for his leadership and encouraged the Committee to continue to stand firm and offered his support.

Gerry Meister, UESF retired teacher representative, asked for transparency in the plans in light of the increased co-pay proposals by the HMOs.

Action: Motion was moved and seconded by the Committee to approve Kaiser's renewal proposal, subject to the term sheet agreed to between Kaiser and HSS including (1) financial performance guarantee; and (2) a plan to address transparency and timing issues described in the December 27, 2007 Mercer report. Motion passed 5-0.

<p>□ 12272007-06</p>	<p>Discussion item</p>	<p>Determination of City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Mercer Team)</p> <p>Documents provided to Board prior to meeting: <i>Report prepared by Mercer.</i></p> <ul style="list-style-type: none">▪ Rhys Evans reported that premium equivalent rates presented at the October 23, 2007 Rates and Benefits Committee have been updated to include October and November incurred claims.▪ A large component of the trend experience in the active plan is being dictated by the high claims experience of the City Plan.▪ Mercer and HSS have completed their review of the United Retiree Solutions self-funded Medicare Part D prescription drug plan and have concluded that there should be minimal impact on membership. Mercer recommends moving forward with this option.▪ Mercer attempted to apply subsidies in proportion to the anticipated costs of each member group (\$3M and \$4M).▪ Commissioner Zvanski suggested that the Committee defer voting on the City Plan rates
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until a decision regarding the HMOs has been made. If the HMOs are eliminated, the City Plan projections will change.

- The Committee agreed to postpone a decision regarding the City Plan rates until the next Rates and Benefits Committee meeting.
- Commissioner Zvanski asked for member disruption information for Blue Shield and PacifiCare.
- The Mercer PowerPoint is attached at the end of the minutes.

Public comments: Judy Teresina, retired City employee in the City Health Plan, reported that she supports the suggestion of eliminating Blue Shield, and encourages transparency among the plans as well as political transparency.

Nancy Gin, retired City employee, commended the Committee for its firm commitment and perseverance.

Gerry Meister, retired member, reported that many retirees at today's meeting are teachers and expressed pride in their attendance and support of HSS.

12272007-07 Discussion item Opportunity to place items on future agendas

Public comments: None.

12272007-08 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

Adjourn 4:10 p.m.

Summary of Health Service System Rules Regarding Public Comment

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In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Knowing Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94103-4689; by phone at (415) 554-7724; by fax at (415) 554-7854; or by email at sotf@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code § 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; web site www.sfgov.org/ethics.

Summary of Health Service Board Rules Regarding Cell Phones and Pagers

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.



City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street + Suite 200 + San Francisco, CA 94103

R A T E S A N D B E N E F I T S C O M M I T T E E

R e v i s e d M i n u t e s

Special Meeting

Thursday, December 27, 2007

1:00 P.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

7/1/07
DOCUMENTS DEPT.

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Focus: HMO and PPO Plans

- Call to order
- Roll call Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd, excused
Committee Member Scott Heldfond
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D., excused
Committee Member Claire Zvanski

<input type="checkbox"/>	12272007-01 Action item	Approval (with possible modifications) of the minutes of the meeting set forth below: <ul style="list-style-type: none"><li data-bbox="481 103 896 131">▪ Special meeting of November 27, 2007
		Staff recommendation: Approve minutes.
		<i>Documents provided to Board prior to meeting: Draft minutes.</i>
		Public comments: None.
		Action: Motion was moved and seconded by the Committee to approve the special meeting minutes of November 27, 2007. Motion passed 5-0.
<input type="checkbox"/>	12272007-02 Discussion item	Disclosure of participation in benefits provided by the Health Service System (President Breslin)
		<i>Documents provided to Board prior to meeting: None.</i>
		<ul style="list-style-type: none"><li data-bbox="481 505 957 727">▪ President Breslin reported that as a result of a conflicts of interest presentation (Lexin v. Superior Court) by the City Attorney's office at the December 13, 2007 regular Board meeting, all Health Service Board commissioners are being asked to disclose their participation in benefit plans provided by the Health Service System and asked Erik Rapoport, Deputy City Attorney, to elaborate.<li data-bbox="481 740 957 1073">▪ Erik Rapoport reported that the City Attorney's advice is should a court determine that a Government Code 1090 conflict of interest violation occurred, the Rule of Necessity would apply. The Rule would require all Health Service Board members, certain Health Service System staff members who participate in the rate-setting process and certain members of the City Attorney's office to disclose whether they are currently members in the Health Service System or could potentially become members during an open enrollment process.<li data-bbox="481 1087 957 1234">▪ Bart Duncan, Director, identified the following Health Service System staff as individuals who should disclose their participation in the benefit plans provided by HSS: Jeffrey Hildebrant, Tess Navarro, Robin Courtney and himself.

		<ul style="list-style-type: none"> ▪ The following commissioners disclosed their participation in the benefit plans provided by the Health Service System: Commissioners Breslin, Zvanski, Deignan and Johnson. Commissioner Heldfond is eligible to participate but currently does not. Commissioner Katz and Supervisor Elsbernd (not present) are eligible to participate, if they currently do not. ▪ Erik Rapoport reported that the following City Attorney's Office employees should disclose that they are members of the Health Service System: Caryn Bortnick, Vicki Clayton, Buck Delventhal, Elizabeth Salveson, Rich Sheinfeld, Jesse Smith and himself. ▪ Mr. Rapoport reported that the Rule of Necessity allows the entire Health Service Board to participate in the rates and benefits process because of the balance between elected and appointed members as set forth in Charter section 12200, combined with the heightened voting requirements for adopting plans set forth in Charter section A8.421. ▪ Public comments: None.
<input type="checkbox"/> 12272007-03	Discussion item	<p>Disclosure of donations or contributions by Health Service System health plan vendors or affiliates (including associated foundations funded in whole or in part by such vendors or affiliates) to the City or to City-sponsored programs (President Breslin):</p> <ul style="list-style-type: none"> ▪ Blue Shield ▪ Delta Dental/DeltaCare USA ▪ Kaiser ▪ PacifiCare ▪ Pacific Union Dental ▪ United HealthCare ▪ VSP <p><i>Documents provided to Board prior to meeting:</i> None.</p> <ul style="list-style-type: none"> ▪ President Breslin reported that she has received many questions regarding the disclosure by one of the Board members at last month's regular meeting regarding

Kaiser's donation to the Mayor's Shape Up Program. Members are concerned that Board members may possibly be influenced by vendors giving donations to other programs. As a result, she has asked all of the vendors to disclose their company's charitable contributions to the employer groups to ensure member confidence that all Board members are working in their best interests.

- **Blue Shield** - Tom Epstein, Vice President of Public Affairs for Blue Shield of California, reported that the total charitable contributions made in San Francisco by the Blue Shield Foundation and Corporation combined in 2006-2007 was \$8,846,944. He presented a list which included a breakdown of each recipient, the amount and year the donation was made.
- **Delta Dental** – Valerie Layne, Director of Services, reported that Delta Dental supports many programs to promote dental health throughout California and the United States. She will provide a detailed list of contributions to the Board at the next regular Board meeting.
- **Kaiser Permanente** – Joanne Haggerty, Kaiser representative, reported that Kaiser sponsors two types of programs—community grants and partnership programs. She provided a detailed list of the grants made by Kaiser which focuses solely on donations made to organizations in San Francisco.
- **PacifiCare** – Andrea Robinson, Vice President, Sales and Account Management, reported that through PacifiCare's acquisition by United HealthCare there is a unit focused on community programs affiliated specifically with the City and County of San Francisco. She will provide a detailed list of contributions to the Board at the next regular Board meeting.
- **Pacific Union Dental** – Jacqueline Cienfuego, Account Manager, reported that although Pacific Union Dental merged with United Healthcare, the only contribution that she is

aware of is the United Way organization through which many employees may contribute to any charity of their choice. She will provide the Board with a detailed list of other contributions, if they exist.

- United HealthCare – Mike Saavedra, United HealthCare representative, reported that United Health Group contributes to many charitable causes and foundations nationally. A contribution of \$5,000 was made recently to support the HSS Health Fair in October. He will provide a detailed list of contributions made to non-profit San Francisco organizations (if any) to the Board at the next regular Board meeting.
- VSP (Vision Service Plan) – Mike Carlson, VSP representative, reported that the bulk of VSP's charitable donations are in the form of the Sight for Students Program wherein eye examinations and frames are provided to children within 200% of the poverty line. VSP donated \$12.7M to this program in 2006 and \$10.3M has been donated year to date. He will provide a detailed list of contributions to the Board at the next regular meeting.
- Commissioner Zvanski requested that the vendors provide a detailed list of donations for all employers, including the Unified School District and Community Colleges which also addresses the purpose of the contribution (i.e., specific project, operations, etc.).

Public comments: Nancy Gin, retired City employee and Chair of Protect Our Benefits, questioned the corporate and foundation contributions made by the vendors and the corresponding corporate tax breaks in light of proposed increased healthcare co-pays and deductibles by the vendors.

12272007-04 Action item

Report on 10-County Survey results for Fiscal Year 2008-2009 and approval of such results, subject to final approval by Health Service Board
(Jeffrey Hildebrand)

*Documents provided to Board prior to meeting:
Report on final 10-County Survey results.*

- Jeff Hildebrant, Assistant Director, reported the following regarding the 10-County Survey:
 - The 10-County amount is the average contribution made on behalf of each of the counties as employers; the numbers do not represent plan increases but rather contributions by employers.
 - The 10 counties remain the same; however, Riverside and San Bernardino switched places in ranking.
 - The survey illustrates a 3.9% increase over the current amount to \$418.80, which is the lowest increase since the late 1990s.
 - Five of the ten counties terminated or discontinued one or more plan options; and five of the ten counties added one or more plan options.
 - Due to two self-insured PPOs, Orange County had a 12.7% decrease in employer contributions. Prior to 2008, it combined retired and active employees to determine rates. For the 2008 plan year, Orange County has rated its membership of retired and active employees separately. Removing the retiree population dropped the rates significantly which contributes to the low increase in the overall 10-County amount.
 - Alameda County had significant changes in premiums which resulted in higher county contributions. The plans remained the same.
 - Sacramento County discontinued 75% of plan options currently offered. Those changes resulted in no increase in the County's average costs.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the final 10-County Survey results in the amount of \$418.80 for the 2008-2009 Plan Year (3.9% increase), subject to final approval by the Health Service Board. Motion passed 5-0.

Determination of HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (HMO Vendor Representatives in the order set forth below, followed by Mercer Team analysis)

HMO vendor presentations covering:

- Changes in the renewal quotes outlined in Mercer report of 11/27/07:
 - Weaknesses in quotes mentioned in Mercer report of 11/27/07
 - Reductions based on any other factors
- Proposed benefit reductions (item by item) and associated reduction in renewal quote
- Any enhanced performance guarantees (both at-risk dollars and additional metrics)
- Specific forecast/commitments as to what HSS can expect in next year's renewal rates for each rating group, including a high level, but specific discussion of the vendor's quality of care, case management, disease management, wellness, member engagement, hospital/provider management and efficiency initiatives that can be expected to moderate future premium increases
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- Kaiser – Joanne Haggerty presented a PowerPoint to address the Health Service System's request for specific information

regarding plan alternatives. Kaiser presented a 7% renewal increase to Mercer for active and under age 65 members and a -4.3% reduction for over 65 members. Performance guarantees will be addressed at the quarterly vendor meetings with HSS and will cover such topics as member service calls, claims processing and ID cards. Kaiser is working to reduce its lag time, which will also be included in the performance guarantees.

- PacifiCare - Andrea Robinson and Tom Gehlbach presented a PowerPoint to address the Health Service System's request for specific information regarding plan alternatives. As a new provider, PacifiCare had very limited experience under its plan and relied heavily on Health Net data from Mercer. Approximately 8,000 former Health Net members were enrolled in PacifiCare. An additional 1% reduction on alternative prescription plan design for retirees has been proposed.
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- The City Plan is running lower than both the Blue Shield and Kaiser plans for the Medicare group.
- The 2008 -2009 10-County amount is \$418.80, which represents a 3.9% increase over the 2007-2008 Plan Year.
- The current premium proposals reflect an estimated spend of approximately \$547M for the HSS plans.
- The average employer cost is increasing approximately 7-8%.
- The retiree increases are considerably higher because of the impact of the 10-County amount.
- While the vendors were requested to address the open issues identified at the November 27, 2007 meeting, the renewal proposals have remained the same. Agreement could not be reached between Mercer, HSS and the vendors.
- The Mercer PowerPoint presentation is attached at the end of the minutes.
- Committee Chair Deignan responded to Mercer's presentation that he would prefer eliminating one or more of the HMOs in light of Blue Shield's increased renewal proposal of \$25M.
- The Committee discussed considering reducing the number of available HMOs to one (i.e., Kaiser), and providing members with the plan choices of either Kaiser or the City Plan.

- The Committee agreed to vote on approval of the Kaiser rates today but will not to approve the HMO rates presented at this meeting.

Public comments: Stephanie Lyons, President of the Retired Employees of the City and County of San Francisco, thanked the Committee for its due diligence regarding the disclosure of the vendors' charitable contributions to various organizations. She urged the Committee not to approve any co-pay increases for any of the plans and recounted the experience dealing with her son's illness, diagnosis and treatment over an eight month period. She reported on the many physician co-pays and pharmacy bills that she has paid, and the issue between generic versus brand name drugs and how her son's health was affected. She stated increased co-pays will force some families to make choices regarding which member receives medical treatment.

Claire Dunn, retired teachers' and retired City employees' representative, concurred with Ms. Lyons' request to keep the co-pays the same, especially for retired members due to their fixed incomes. Many retirees have difficulty paying higher amounts in light of small cost of living increases.

Richard Rothman, SEIU 1021 representative, suggested that there should be at least three plans available to members. He also suggested that the City provide a wellness plan for its employees.

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Dr. Ruben Jaffe, a retired San Francisco Unified School District member, commended Bart for his leadership and encouraged the Committee to continue to stand firm and offered his support.

Gerry Meister, UESF retired teacher representative, asked for transparency in the plans in light of the increased co-pay proposals by the HMOs.

Action: Motion was moved and seconded by the Committee to approve Kaiser's renewal proposal, subject to the term sheet agreed to between Kaiser and HSS including (1) financial performance guarantee; and (2) a plan to address transparency and timing issues described in the December 27, 2007 Mercer report. Motion passed 5-0.

□ 12272007-06 Discussion item

Determination of City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Rhys Evans reported that premium equivalent rates presented at the October 23, 2007 Rates and Benefits Committee have been updated to include October and November incurred claims.
- A large component of the trend experience in the active plan is being dictated by the high claims experience of the City Plan.
- Mercer and HSS have completed their review of the United Retiree Solutions self-funded Medicare Part D prescription drug plan and have concluded that there should be minimal impact on membership. Mercer recommends moving forward with this option.
- Mercer attempted to apply subsidies in proportion to the anticipated costs of each member group (\$3M and \$4M).
- Commissioner Zvanski suggested that the Committee defer voting on the City Plan rates until a decision regarding the HMOs has been made. If the HMOs are eliminated, the City Plan projections will change.

- The Committee agreed to postpone a decision regarding the City Plan rates until the next Rates and Benefits Committee meeting.
- Commissioner Zvanski asked for member disruption information for Blue Shield and PacifiCare.
- The Mercer PowerPoint is attached at the end of the minutes.

Public comments: Judy Teresina, retired City employee in the City Health Plan, reported that she supports the suggestion of eliminating Blue Shield, and encourages transparency among the plans as well as political transparency.

Nancy Gin, retired City employee, commended the Committee for its firm commitment and perseverance.

Gerry Meister, retired member, reported that many retirees at today's meeting are teachers and expressed pride in their attendance and support of HSS.

- 12272007-07 Discussion item Opportunity to place items on future agendas
Public comments: None.
- 12272007-08 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: None.

Adjourn 4:10 p.m.

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

R A T E S A N D B E N E F I T S C O M M I T T E E

Notice and Agenda

Special Meeting

Thursday, January 10, 2008

1:00 P.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

3-10-08-DEPARTMENT LEVEL

DOCUMENTS DEPT.

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Focus: HMO and PPO Plans

- Call to order
- Roll call
 - Committee Chair James Deignan
 - Committee Member Karen Breslin, Board President
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
 - Committee Member Claire Zvanski

01102008-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
▪ Special meeting of December 27, 2007
Staff recommendation: Approve minutes.
*Documents provided to Board prior to meeting:
Draft minutes.*
Public comments:
Action:

01102008-02 Action item Determination of non-Kaiser HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Mercer Team)
*Documents provided to Board prior to meeting:
Report prepared by Mercer.*
Public comments:
Action:

01102008-03 Action item Determination of City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Mercer Team)
*Documents provided to Board prior to meeting:
Report prepared by Mercer.*
Public comments:
Action

01102008-04 Discussion item Opportunity to place items on future agendas
Public comments:

01102008-05 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments:

Adjourn

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

R A T E S A N D B E N E F I T S C O M M I T T E E

Minutes

Special Meeting

Thursday, January 10, 2008

1:00 P.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: HMO and PPO Plans

Call to order

Roll call

Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Scott Heldfond
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D., arrived 1:12 p.m.
Committee Member Claire Zvanski

- 01102008RB-01 Action item
 - Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special meeting of December 27, 2007
 - Staff recommendation: Approve minutes, as revised.
 - Documents provided to Board prior to meeting:
Draft minutes.*
 - Public comments: None.
 - Action: Motion was moved and seconded by the Committee to approve the revised minutes of the special meeting of December 27, 2007. Motion passed 6-0.

- 01102008RB-02 Action item
 - Determination of non-Kaiser HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Mercer Team)
 - Documents provided to Board prior to meeting:
Report prepared by Mercer.*
 - Bart Duncan, Director, announced that a special Rates and Benefits Committee meeting is scheduled on January 22, 2008 at 10:00 a.m.
 - Mr. Duncan reported the following:
 - Staff is continuing to work with the Mercer team regarding pursuing different options for the Board's consideration, as unanimously agreed upon at the December 27, 2007 Committee meeting.
 - Three meetings are scheduled on January 22: Rates and Benefits Committee, a special Board meeting to approve the rates and Finance and Budget Committee.
 - Public comments: Paul Markovich, Blue Shield Senior Vice President, asked the Board not to continue PacifiCare's HMO bid on Blue Shield's HMO business because of Blue Shield's rates, service track record and its Healthy Lifestyle Rewards Program, which allows members to earn up to \$150. He requested a competitive bidding process and provided a written rate comparison to the Committee.

Judy Teracina, a retired City employee, reported on a Los Angeles Times article published on December 13, 2007, wherein the California's top insurance regulator accused Blue Shield of illegally canceling policies and violations of 1,262 claims handling laws and regulations resulting in more than 200 people losing medical coverage. Insurance Commissioner, Steve Poizner, is seeking a \$12.6M fine. She also reported that another Blue Shield unit with 2.3 million members in HMOs overseen by the Department of Managed Health Care is under a separate investigation of Blue Shield's cancellation practices, which is expected to be completed this year.

Mr. Duncan reminded everyone that a competitive situation is currently underway and there will be an opportunity for arguments to be made regarding a fair and level playing field at the next Rates and Benefits Committee meeting on January 22, 2008. He cautioned that this is a mini-blackout period and it is not appropriate to debate the issues regarding HSS' overall position in negotiations. He requested that those interested in pursuing legal challenges put them in writing and submit them to staff, as outlined in the Board's Governance Rules.

Action: Motion was moved and seconded by the Committee to continue this item to January 22, 2008. Motion passed 6-0.

Dr. Katz arrived after the vote.

01102008RB-03 Action item

Determination of City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Rhys Evans, Mercer team, presented an updated summary, which included two additional scenarios for the trust fund subsidy (\$1M and \$2M) and a recap of the premium equivalent and contribution exhibits presented at the October 23, 2007 and December 27, 2007 Committee meetings. Four illustrations applying trust fund subsidies in amounts of \$1M to \$4M were presented.

- Bart Duncan reminded everyone that any projection of the City Plan's 2007-2008 Plan Year is not only an actuarial consulting issue but also involves Tess Navarro's expertise as Chief Financial Officer to provide the projections. He commended Mercer and Ms. Navarro for agreeing on the numbers and their joint effort.
- Mr. Duncan also noted that recent Board discussions have included the realization that eventually subsidies will not be the solution to moving forward with the plans because the money will run out. He stated that in light of diminishing funds in the Trust Fund, this is a good year for the Board to look at easing off the dependence on subsidies.
- Committee Chair Deignan suggested making a decision regarding the alternative pharmacy benefit design presented at the October 23, 2007 Rates and Benefits Committee meeting.
- The benefit change is estimated to decrease projected pharmacy costs by 4- 5% which translates to a 1- 3% reduction in the 2008-2009 premium equivalent rates.
- Commissioner Zvanski stated that regardless of the subsidy amount ultimately chosen, members will realize significant increases in their premiums this year with the exception of the "employee only" category.
- Through discussion, a question was asked regarding the definition of the "stabilization amount."
- Rhys Evans responded that the "stabilization amount" is one-third of the overage from the 2006-2007 Plan Year to be spread over a three-year period for the City Plan.
- Supervisor Elsbernd requested a discussion regarding the trust fund subsidy for the health plans.
- Commissioner Heldfond recommended a 4\$M subsidy to the City Health Plan only.
- Commissioner Zvanski asked for clarification from Mercer regarding the contingency for the flex-funded plan because she does not

see \$16M available in trust fund subsidies.

- Mr. Evans responded that the available trust fund subsidy is less than \$10M instead of \$16M because a contingency margin needs to be introduced for the flex-funded plan. At present, the City Plan appears to be over-running on the aggregate against the monies being collected. After only a few months of claims information, it appears that the flex-funded plan is running slightly higher than anticipated; however, the calculations have not yet been made.
- Tess Navarro, Chief Financial Officer, responded that, while an accurate number may not be available, for discussion purposes a ballpark figure can be used. The \$16.1M figure presented in a prior report is the projected available amount for 2008-2009. Included in that amount are the following:
 - a. Projected results for 2007-2008 plan year:
 - -\$8.2M for City Plan;
 - -\$3.8M for HMOs;
 - -\$2M for Dental
 - +\$2.4M Interest income + \$1.5M Interest income 2008-2009
 - b. Contingency policy:
 - -\$10.2M for City Plan
 - -\$3M for Dental
 - c. Funding policy:
 - -\$2.9M for City Plan (one-third of the three year amount)
 - -\$1.6M Dental (2006-2007 Plan Year to be applied in 2008-2009 rates)
- Two issues are not considered in the \$16.1M amount:
 - Flex-funding results for 2007-2008 (no available data) – an approximate \$8M liability exposure will exist if the target rates are lower than the actual claims; and

- The contingency portion for the flex-funded plan, which has not yet been calculated (currently no available data).
- Committee Chair Deignan suggested that subsidy not be discussed at this meeting.
- Mr. Duncan responded that the question of subsidizing any of the HMOs should be addressed now to narrow the focus of the next meeting.
- Supervisor Elsbernd stated that to make a decision regarding trust fund subsidy without knowing the total amount available is premature. He would like all of the numbers presented first and stated that he would dissent the motion to apply available trust fund subsidy to only the City Plan.
- Dr. Katz stated that he is not prepared to say that members in the City Plan are more deserving of subsidy dollars than the other members without first seeing the numbers.
- Mr. Duncan responded that it is irresponsible to consider spending any money for HMO subsidies this year with trust fund dollars. The possibility of a subsidy for City Health Plan is being considered because it has been so heavily subsidized in the past. This is a process of easing members out of a subsidy situation.
- Commissioner Zvanski stated that she continues to be philosophically opposed to subsidizing HMO rates, a position that she has held for years.
- Committee Chair Deignan stated that the board has an obligation to keep the City Health Plan afloat for members who live outside California and to use the reserve dollars wisely.
- Ms. Navarro clarified that an accurate accounting of the money available in the trust fund will not be available until the close of the 2007-2008 Plan Year. The target versus actual claims data for the flex-funded plan is not available since the plan only began July 1,

2007. It will take another six months or so to determine valid assessment information.

- Rhys Evans responded that there are various components offsetting the \$16.1M subsidy amount previously mentioned:
 - the potential maximum liability of the flex-funded plan (the trust fund will pay claims more than 20% higher than anticipated);
 - the funding approach to build a contingency margin reserve for the flex-funded plan; and
 - should the aggregate claims of the City Plan be higher than the amount collected, that amount will be deducted from the trust fund.

Public comments: Frances Drackel, an active member, commented that generic drugs do not work across the board for everyone for every medication. She gave an example of the potential variable effects of some generic thyroid medications derived from cows and stated that any of the synthetic thyroid medications are 100% effective every dosage.

Stephanie Lyons, President of the Retired Employees of the City and County of San Francisco, spoke on the lack of effectiveness of some generic medications and asked the Board to consider this fact when the subject of co-pays is being discussed. She also noted that the mail order system is a good option but it does not always work in getting the 90-100 day supply and the system is very confusing for some seniors.

Dennis Kruger, San Francisco Fire Fighters representative, commented that co-pays affect those who can afford it the least. The sickest members need more prescriptions and doctor visits than anyone else. A once-a-month premium increase can be anticipated, however, illness, prescriptions and treatments can sometimes be unexpected. His preference is to have a higher premium and keep the co-pays lower.

Vera Eby, a retired school teacher, reported on her husband's serious illness and his Health Net co-pay last year in the amount of \$3,500 a month for 14

pills of non-generic drugs. She has not had the same problem with Blue Shield this year; however, for various reasons, the prescription mail order system has not been as useful as she had hoped. She asked the Board to consider the hardships of those members who cannot take generic medication.

Action: Motion was moved and seconded by the Committee to adopt the alternative pharmacy benefit design as presented in the Mercer report. Motion failed 2-5. Commissioners Katz and Heldfond voted in favor of motion. Commissioners Deignan, Breslin, Johnson, Zvanski and Supervisor Elsbernd voted against the motion.

Action: Motion was moved and seconded by the Committee to consider subsidy for only the City Health Plan. Motion passed 6-1. Dr. Katz opposed the motion.

- 01102008RB-04 Discussion item Opportunity to place items on future agendas
Public comments: None.
- 01102008RB-05 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: Gerry Meister, UESF Retired Division representative, asked for clarification of the expectation at the next Rates and Benefits Committee meeting.
Mr. Duncan responded that he hoped it would be the Committee's final rates and benefits session and that all decisions will be concluded, followed by final approval of the Health Service Board.
Dennis Kruger, San Francisco Fire Fighters, asked why Blue Shield and PacifiCare do not accept dentists' prescriptions any longer for preventive care.

Adjourn: 2:29 p.m.

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City & County of San Francisco

HEALTH SERVICE BOARD

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NOTICE OF MEETING CANCELLATION

The following Health Service Board meetings have been cancelled:

Tuesday, January 22, 2008

Special Meeting
Rates and Benefits Committee
10:00 A.M.

Special Meeting
Health Service Board
11:00 A.M.

Special Meeting
Finance and Budget Committee
11:15 A.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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R A T E S A N D B E N E F I T S C O M M I T T E E

Notice and Agenda

Special Meeting

Friday, January 25, 2008

1:30 P.M.

7
25/08
Recd
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

Focus: HMO and PPO Plans

Call to order

Roll call

Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Scott Heldfond
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

DEPOSITORY ITEM
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JAN 22 2008

SAN FRANCISCO PUBLIC

- 01222008RB-01 Action item

Determination of non-Kaiser HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Bart Duncan)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

Public comments:

Action:
- 01222008RB-02 Action item

Determination of City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Bart Duncan)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

Public comments:

Action:
- 01222008RB-03 Discussion item

Opportunity to place items on future agendas

Public comments:
- 01222008RB-04 Discussion item

Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments:

Adjourn

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R A T E S A N D B E N E F I T S C O M M I T T E E

Minutes

Special Meeting

Friday, January 25, 2008

1:30 P.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: HMO and PPO Plans

Call to order

Roll call

Committee Chair James Deignan
Committee Member Karen Breslin, Board President
Committee Member, Sup. Sean Elsbernd
Committee Member Scott Heldfond
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

This meeting began at 2:20 p.m.

□ 01252008RB-01 Discussion item Determination of non-Kaiser HMO rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Bart Duncan and Committee Chair Deignan)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Bart Duncan, Director, reported that this matter can only be discussed and no action can be taken at this time, as previously anticipated. He offered to answer questions and take the lead in the discussion.
- Committee Chair Deignan concurred that a decision will not be made today on the non-Kaiser HMO rates and benefits for active employees and retirees, and that this agenda item will be continued to the next Rates and Benefits Committee meeting.
- Commissioner Zvanski explained that the Committee was advised that this agenda item as currently written is not adequately descriptive to meet the requirements of the Sunshine Ordinance given the range of possible decisions to be made by the Committee. Therefore, the item will be continued to a future meeting and the corresponding agenda will be sufficiently written to describe any potential action or decision by the Committee.
- Commissioner Breslin requested a presentation of the Mercer material regarding Uniprise's new proposal.
- Rhys Evans, Mercer team, reported the following:
 - Based on discussions at the December 27, 2007 meeting, the Committee requested that Mercer and the Health Service System go back to Blue Shield and request that they revisit their fully-insured proposal and to investigate the feasibility of an alternate fully-insured quotation.
 - Blue Shield reduced its HMO proposal by 0.5% resulting in a 13.5% renewal for active employees and pre-Medicare retirees. Its original quote for the Medicare group was not

revised.

- An alternative Blue Shield risk share HMO proposal for the active and pre-Medicare retiree group was also presented.
- Uniprise has proposed a fully-insured HMO/Medicare Advantage plan that on average resulted in a 12.7% renewal for the current Blue Shield active and pre-Medicare retiree HMO groups, and a -16% renewal for the current Blue Shield Medicare retirees.
- A side by side comparison of the fully insured proposals by Blue Shield and Uniprise was presented:
 - Blue Shield's 2008-2009 proposal for active employees and non-Medicare retirees is a 13.5% increase; and a 6.7% increase for the Medicare group.
 - Uniprise's 2008-2009 proposal for active employees is a 12.8% increase and a 12.2% increase for the non-Medicare retirees, which averages out to approximately 12.7%; and a -16.6% reduction for the Medicare group relative to the in force Blue Shield rates.
- The aggregate premiums for Blue Shield's new proposal is approximately \$208.0M for the 2008-2009 Plan Year, which represents an increase of \$24.0M of current in force rates. The 0.5% decrease for the active employees and non-Medicare rates from 14.0% to 13.5% represents approximately \$1M less than what was currently proposed.
- The aggregate premiums for Uniprise's new proposal is approximately \$203.5M for the 2008-2009 Plan Year, which represents an increase of \$19.5M of current in force rates.
- Based on information provided by Blue Shield, which was passed along to PacifiCare for its analysis, the latest PCP disruption estimate is 1%.
- Dr. Katz stated that the financial gain offered by Uniprise is in the retiree with Medicare category and that it is not the most sufficient way to get to the solution to require 35,000

active members to change health plans to save \$3 per month for an employee only or a savings of \$9 per month for an employee with two dependents.

- Dr. Katz suggested that the Board request Blue Shield to come back with a quote that includes active members only and does not include retirees. The active members can then choose between Blue Shield and Uniprise. He said the retirees will be no worse off than if there is no Blue Shield; it is just a question of maintaining the Blue Shield option for those who would not receive a savings.
- Dr. Katz requested to see proposal from Uniprise for both active and retired members and a Blue Shield proposal for active members only, along with the City Health Plan, Kaiser and the flex-funded plan.
- Commissioner Zvanski opposed Dr. Katz's recommendation and stated that the Health Service Board has never separated the plan populations in the past. She stated that she will not support a proposal that does not include all members, actives and retirees.
- Rhys Evans responded that the numbers would change significantly if the membership was divided, as suggested by Dr. Katz. Uniprise's proposal is based on the assumption that it would take over the Blue Shield population and spread the risk over the entire 40,000 lives. He stated that retiree-only plans exist but are rare, and are primarily self-funded because most insurers try to avoid retiree-only plans, other than the fully-insured Medicare population.
- Dr. Katz clarified that he was speaking of an active member-only product, not a retiree member-only product, thereby offering the active members the ability to choose from Uniprise and Blue Shield, and the retirees the choice of Uniprise.
- Bart Duncan stated that although the discussion has included guidance and direction for the vendors, the insurers still need to be asked if they are interested in

proposing an entirely new configuration.

- Committee Chair Deignan stated that the Committee should select one plan or the other but not request proposals wherein the membership is separated into active-only and retired-only groups.
- Dr. Katz reiterated his desire to see Blue Shield provide a new proposal for active members only.
- Supervisor Elsbernd commented that he would also like to see a proposal of that nature.
- Commissioner Zvanski stated that she wanted to hear from the members on the issues discussed.

Public comments: Sandra Mack, an active member enrolled in Blue Shield, commented that the disruption that occurs when a plan change is implemented, pales in comparison to rates. She stated that the cost is an overriding concern for most members. She stated that it is extremely important that the healthcare benefits are affordable.

Gerry Meister, UESF Retired Division representative, echoed Ms. Mack's sentiments regarding the necessity of having affordable healthcare. She also agreed with Commissioner Zvanski's position opposing dividing the coverage for active and retired members. She stressed that it is essential to move ahead with the rates and it makes no sense to delay any further. She is appalled at the idea of bifurcating the populations.

Stephanie Lyons, President of the Retired Employees of the City and County of San Francisco, thanked Supervisor Elsbernd's staff for offering seating to members who waited for the closed session to conclude. She requested that folding chairs be provided in the future so that people will have a place to sit while closed sessions are taking place. She asked about any geographical restrictions in the Uniprise plan and if there would be options for members who live outside of San Francisco or California. She also requested that the Board not bifurcate the members.

Paul Markovich, Blue Shield Senior Vice President,

asked the Board to consider the service comparison between Blue Shield and Uniprise (i.e., Healthy Lifestyle Rewards Program), the risk issues and cost to the overall population. He stated that the financial decisions are independent; all of the products are independently priced. He also commented that Blue Shield has been working on its MAPD program (Medicare Advantage) since the fall in order to be available July 1, 2008.

Claire Dunn, retired teachers' and retired City employees' representative, spoke against bifurcation of the membership and expressed her concern about the potential affect on retired members.

Henny Kelly, a retired teacher, spoke on behalf of the active members of the United Educators of San Francisco (her husband is the President of UESF and asked her to speak on its behalf). She stated that the active members do not want to be separated from the retired members, which would give one vendor an unfair advantage over another and also because the membership has always included active and retired members. She asked the Board to keep the pool as it has always been.

Vera Eby, a retired teacher, commended Bart Duncan and staff for their helpfulness in assisting her with making a healthcare decision when Health Net was discontinued. She asked that the staff not be reduced to allow them to continue to be supportive of members. She also asked for more information about the Uniprise plan, such as the plan limit for health care (i.e., City Plan has a \$2M limit), access to the same doctors, treatment, etc.

Louis Webb, a retired teacher, urged the Board to make a decision regarding the plans in order for the HSS staff to have enough time to prepare for an orderly open enrollment process. He asked the Board not to request additional scenarios from Mercer but to choose from what has been presented.

Kay Walker, a retiree, spoke in opposition to separating the pool of members. She commented that the cost of healthcare is very important to her and asked that the rates be kept as low as possible. She also noted that disruption is not an issue for her.

Tony Sacco, President of the Retired Fire Fighters,

commended Bart Duncan and staff and asked that the staff not be reduced.

Nancy Gin, Chair of the Protect Our Benefits Committee, expressed support for all of the public comments, except Blue Shield's Senior Vice President, Mr. Markovich. She also expressed her opposition to having the retirees separated from the active members.

Larry Barcetti, Secretary of the San Francisco Veterans Police Officers Association, spoke in opposition to separating the membership. He asked the Board keep the promises made to take care of the membership and provide healthcare benefits to those retired members, who depend on the Board's decisions.

01252008RB-02 Action item

Determination of City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009, subject to final approval by Health Service Board (Bart Duncan)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Commissioner Heldfond suggested that the Committee make a decision regarding subsidy for the City Health Plan. The best estimate at this time is that \$4M is available in the trust fund to subsidize the City Health Plan.
- Supervisor Elsbernd stressed that this may be the last year where the trust fund is available to subsidize a health plan.
- Commissioner Zvanski clarified that the trust fund subsidy for the City Health Plan is being applied directly to the membership in the categories where there are out-of-pocket expenses; it is not being applied in ways that were used in the past.

Public comments: None.

Action: Motion was moved and seconded by the Committee to apply a \$4M trust fund subsidy to the City Health Plan (PPO) rates and benefits for active employees and retirees for Plan Year 2008-2009. Motion passed 7-0.

- 01252008RB-03 Discussion item Opportunity to place items on future agendas
Public comments: None.
- 01252008RB-04 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: None.

Adjourn: 3:59 p.m.

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES AND BENEFITS COMMITTEE

Notice and Agenda

Special Meeting

Tuesday, February 12, 2008

2:00 P.M.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

NON-BLURRY BY 10AM

DOCUMENTS DEPT.

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Focus: HMO Plans for Plan Year 2008-2009

- Call to order
- Roll call
 - Committee Chair James Deignan
 - Committee Member Karen Breslin, Board President
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
 - Committee Member Claire Zvanski

02122008RB-01 Action item Approval of non-Kaiser HMO rates and benefits for active employees and retirees for Plan Year 2008-2009 including whether:
(1) to renew the UnitedHealthcare/PacifiCare flex-funded HMO; and
(2) to renew the Blue Shield of California fully-insured HMO; or
(3) to not renew the Blue Shield of California fully-insured HMO and instead, accept the UnitedHealthcare/PacifiCare fully-insured plan as a replacement HMO for Blue Shield and select a default medical plan for current Blue Shield enrollees who do not make an active election during the April 2008 Open Enrollment period; and
(4) to take any other action to facilitate or implement the above decisions, subject to final approval by Health Service Board.
(Committee Chair Deignan)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

Public comments:

Action:

02122008RB-02 Discussion item Opportunity to place items on future agendas
Public comments:

02122008RB-03 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments:

Adjourn

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES AND BENEFITS COMMITTEE

Minutes

Special Meeting

Tuesday, February 12, 2008

2:00 P.M.

DOCUMENTS DEPT.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: HMO Plans for Plan Year 2008-2009

- Call to order
- Roll call
 - Committee Chair James Deignan
 - Committee Member Karen Breslin, Board President
 - Committee Member, Sup. Sean Elsbernd, excused
 - Committee Member Scott Heldfond
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D., arrived 2:11 p.m.
 - Committee Member Claire Zvanski
- 02122008RB-01 Action item
 - Approval (with possible modifications) of the minutes of the meetings set forth below:
 - Special meeting of January 10, 2008
 - Special Meeting of January 25, 2008
 - Staff recommendation: approve minutes.
 - Documents provided to Board prior to meeting: draft minutes.
 - Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the special meeting minutes of January 10, 2008 and January 25, 2008. Motion passed 5-0.

□ 02122008RB-02 Action item

Approval of non-Kaiser HMO rates and benefits for active employees and retirees for Plan Year 2008-2009 including whether:

- (1) to renew the UnitedHealthcare/PaciFiCare flex-funded HMO; and
- (2) to renew the Blue Shield of California fully-insured HMO; or
- (3) to not renew the Blue Shield of California fully-insured HMO and instead, accept the UnitedHealthcare/PaciFiCare fully-insured plan as a replacement HMO for Blue Shield and select a default medical plan for current Blue Shield enrollees who do not make an active election during the April 2008 Open Enrollment period; and
- (4) to take any other action to facilitate or implement the above decisions, subject to final approval by Health Service Board.

(Committee Chair Deignan)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Rhys Evans, Mercer Team, presented the following information regarding PacifiCare's 2008-2009 flex-funded plan:
 - The flex-funded proposal is identical to the last presentation.
 - The renewal proposal for active employees and pre-Medicare retirees is 15.8%.
 - The renewal proposal for Medicare retirees is 8.3%.
 - The revised renewal rates for active employees and pre-Medicare retirees represents a 2.6% decrease (approximately \$1M) over the original proposal.
 - As a flex-funded plan, the ultimate cost of the plan will be influenced by the actual claims experience over the relevant plan year.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve PacifiCare's 2008-2009 flex-funded plan as presented for active employees, pre-Medicare and Medicare retirees. Motion passed 5-0.

Rhys Evans presented the following regarding Blue Shield's 2008-2009 HMO renewal proposal:

- Blue Shield's 2008-2009 plan year quote for the Medicare retiree group has been revised, resulting in a 17.1% decrease over the in-force premium rate;
- Blue Shield's HMO renewal for active employees and pre-Medicare retirees remains unchanged (13.5%);
- Blue Shield has proposed a renewal on the Medicare plan based on the anticipated premium levels to be charged for the Medicare Advantage Plan once it becomes available (2009-2010 Plan Year).
- Blue Shield's 2008-2009 proposal for the Medicare group is based on the Medicare Advantage premium rate although the plan does not change for the Medicare retirees and remains a COB plan.
- Uniprise's proposal for active employees and non-Medicare retirees remains slightly lower than Blue Shield's proposal.
- Blue Shield's proposal for the Medicare retirees is approximately \$1.50 lower per member per month.
- Both Blue Shield's and Uniprise's 2008-2009 proposals present a potential negative renewal on the Medicare plans and are much more comparable.
- Dr. Katz thanked the Board members and public for the additional time to review the new proposals.
- Commissioner Breslin expressed appreciation to Uniprise for their extra work on the renewal proposals.

- Commissioner Zvanski expressed annoyance due to the amount of time and effort that it has taken to reach the 2008-2009 rates and questioned the ethics, business practices and corporate culture of Blue Shield. She reminded Blue Shield representatives of the 30-day termination notice clause in its contract and expressed serious reservations in working with the company. She considers Blue Shield's behavior during the rates and benefits process to be arrogant and disrespectful toward the Board, the members and the City.
- Commissioner Breslin stated her concern regarding Blue Shield's intent to influence Board members during the rates process. She stated that it is only because of the impact on staff and members that she will vote to approve Blue Shield's rates.
- Dr. Katz stressed that he did not want members to leave the meeting with the impression that he had been influenced by Blue Shield and emphatically stated that he had not.
- Commissioner Heldfond also stressed that he was not influenced by Blue Shield during the rates process.
- Commissioner Johnson concurred with Commissioners Zvanski's and Breslin's comments and read a prepared statement addressing Blue Shield's inappropriate behavior during the rates process. She commended Bart Duncan for his leadership and integrity, and stated that it is only because of the impact on staff and members that she will vote to approve Blue Shield's rates. She noted that she, too, will be monitoring Blue Shield's performance during the next year.
- Committee Chair Deignan stated that the Board most likely will vote to approve Blue Shield's rates but noted the Board and staff will track Blue Shield's performance for the next year to 16 months.

- Commissioner Heldfond responded that healthcare costs for all constituencies demand a partnership approach between vendors, users of the system and those who finance the benefits, and that “partnership” is not the threat of a lawsuit at the eleventh hour.
- Bart Duncan thanked the Mercer team, the HSS team, the Board and members who have supported the efforts undertaken this year during the rates process. He expressed pride in being able to present the various options this year and acknowledged the difficulty in achieving acceptable proposals. He stated that he remains committed to transparency. He complimented the United HealthCare team for acting in solid and total good faith throughout the process. He also noted that, while Board members may have been spared Blue Shield's attempts to influence, he was not.

Public comments: Sandra Mack, retired teacher, reported on her efforts to promote the passage of Prop. C and congratulated the Board for its firm position regarding the rates.

Henne Kelly, retired teacher, thanked the Board for caring about the members and expressed regret to Bart Duncan that he was not sheltered from the factors that led to his resignation. She expressed disapproval of Blue Shield and the hope that another insurance company is selected for the next 16 months.

Claire Dunn, retired City employees' and retired teachers' representative, stated that she views this moment in the process as a low point, which will require reassessing and rebuilding. She noted that the members who rely on the Board the most are those who need the most care yet have no voice to take care of themselves. She stated the Board has the trust of the members and asked the Board to take the confidence of the members seriously so that there is not a repeat of what has taken place this year in the rates process in the future.

Gerry Meister, UESF Retired Division representative, reported that barriers need to be implemented to prevent the things that have happened this year regarding Blue Shield's conduct, such as a blackout period during the RFP process, wherein no Board member can be approached. She stressed that rules must be in place to prevent the proceedings that took place this year.

Pat Crawford, UESF retired member, asked the Board to closely monitor Blue Shield's activities and the way claims are handled by each of the providers, especially the denials. She asked the Board to ensure that Blue Shield processes its claims in the manner that was agreed to.

Jerry Deryan, retired teacher, expressed dismay at Blue Shield's attempts to influence others during the rates approval process and stated that it is in the City Charter that vendors cannot contact appointed or elected commissioners during a RFP process. He commended Bart Duncan as Director of HSS for his continued support of the active and retired members and requested that the Board determine a way to retain Mr. Duncan. He reminded the Board of its fiduciary duties.

Kay Walker, retired social worker, concurred with the previous comments and commended the Board for its courage, fortitude and commitment to the members. She also thanked the Board and Mr. Duncan for listening to the members. She noted for the record that she is currently a Blue Shield plan member but will switch to another plan during this year's open enrollment.

Vera Eby, retired teacher, reported that she was heartened to hear that the members' first concern is coverage, mainly because of her seriously ill husband. She stated that she will continue in Blue Shield's plan because her husband has been provided with excellent coverage, unlike the appalling scenarios previously experienced with Health Net. She also reported that her research on several websites revealed Blue Shield was ranked higher on various sites for evaluation than United HealthCare or Uniprise.

Gerry Meister stated that regardless of the vendors, the HSS department remains under-funded. She reminded everyone that if services are to be properly provided, there should be no cuts to the department's budget. She asked that those who have influence to help the department obtain the funds needed.

Action: Motion was moved and seconded by the Committee to approve Blue Shield's 2008-2009 Plan Year rates for active employees, pre-Medicare and Medicare and retirees. Motion passed 5-1. President Breslin opposed the motion.

- 02122008RB-03 Discussion item Opportunity to place items on future agendas
Public comments: None.
- 02122008RB-04 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: None.

Adjourn: 2:51 p.m.

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES AND BENEFITS COMMITTEE

Notice and Agenda

Special Meeting

Thursday, September 11, 2008

1:30 P.M.

09-05-08P03:35 RWD

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: Kickoff of Annual Rates and Benefits Process

- Call to order
- Roll call Committee Chair Claire Zvanski
Committee Member Karen Breslin
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Scott Heldfond, Board President
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
- 09112008RB-01 Discussion item Overview of schedule and key objectives for this year's rates and benefits cycle (Committee Chair Zvanski)
Documents provided to Board prior to meeting:
Planned schedule of meetings and key objectives
Public comments:

- 09112008RB-02 Discussion item Update on healthcare plan renewals for 2009-2010 Plan Year (Bart Duncan)
Documents provided to Board prior to meeting:
None.
Public comments:
- 09112008RB-03 Discussion item Opportunity to place items on future agendas
Next committee meeting: October 9, 2008
Public comments:
- 09112008RB-04 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments:

Adjourn

Summary of Health Service System Rules Regarding Public Comment

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Health Service Board and the Health Service System Web Site: <http://www.myhss.org>

Disability Access

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Minutes

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Focus: Kickoff of Annual Rates and Benefits Process

Call to order

Roll call

Committee Chair Claire Zvanski
Committee Member Karen Breslin
Committee Member James Deignan, excused
Committee Member, Sup. Sean Elsbernd
Committee Member Scott Heldfond, Board President
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.

This meeting began at 2:03 p.m.

09112008RB-01 Discussion item Overview of schedule and key objectives for this year's rates and benefits cycle (Committee Chair Zvanski)
Documents provided to Board prior to meeting:
Planned schedule of meetings and key objectives

- Committee Chair Zvanski stated that she expects all vendors and contractors to follow the meeting schedule distributed today and comply with all deadlines because no additional meetings will be held this year to finalize the rates. She also urged everyone to review the key objectives of this year's rates and benefits cycle, noting that no new benefits or benefit enhancements are being proposed, in order to keep rate increases as low as possible.
- Bart Duncan, HSS Director, stated that the key objectives outline, background and schedule will govern how the committee proceeds during this year's rates and benefits process. He also reminded everyone that it is critical to complete the process on time to allow for a successful open enrollment.

Public comments: None.

09112008RB-02 Discussion item Update on healthcare plan renewals for 2009-2010 Plan Year (Bart Duncan)

Documents provided to Board prior to meeting:
None.

- Bart Duncan reported that formal renewal requests were sent to all of the vendors on August 28. Their responses are expected to be received by September 21, 2008.
- Mr. Duncan asked the plan representatives to be prepared to present top quality analyses and conclusive options to the Board in order to keep the process efficient and consulting fees within budget.
- A high-level overview of the vendors' renewal requests will be presented at the October 9, 2008 Rates and Benefits Committee meeting.

Public comments: None.

09112008RB-03 Discussion item Opportunity to place items on future agendas

Next committee meeting: October 9, 2008

Public comments: None.

□ 09112008RB-04 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

- Chair Zvanski asked everyone to take a moment to remember today as the seventh anniversary of the 9-11 attacks on the United States, and to remember those who were harmed in those attacks.

Public comments: None.

Adjourn: 2:11 p.m.

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R A T E S A N D B E N E F I T S C O M M I T T E E

Notice and Agenda

Special Meeting

Thursday, October 9, 2008

2:00 P.M.

DOCUMENTS DEPT.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: Preliminary self-funded and insured plan rates

- Call to order
- Roll call
 - Committee Chair Claire Zvanski
 - Committee Member Karen Breslin
 - Committee Member James Deignan
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond, Board President
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
- 10092008RB-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special Meeting of September 11, 2008Staff recommendation: approve minutes.
Documents provided to Board prior to meeting:
Draft minutes.
Public comments:
Action:

<input type="checkbox"/> 10092008RB-02	<p>Discussion item</p>	<p>Preliminary self-funded plan rates (Mercer Team)</p> <ul style="list-style-type: none">▪ City Health Plan▪ Active Delta Dental <p>Documents provided to Board prior to meeting: Report prepared by Mercer.</p> <p>Public comments:</p>
<input type="checkbox"/> 10092008RB-03	<p>Discussion item</p>	<p>High-level overview of HMO plan renewals (Mercer Team)</p> <p>Documents provided to Board prior to meeting: Report prepared by Mercer.</p> <p>Public comments:</p>
<input type="checkbox"/> 10092008RB-04	<p>Discussion item</p>	<p>Overview of next Rates and Benefits Committee meeting (Committee Chair Zvanski)</p> <p>Next committee meeting: November 13, 2008</p> <p>Documents provided to Board prior to meeting: Revised Rates and Benefits meeting schedule</p> <p>Public comments:</p>
<input type="checkbox"/> 10092008RB-05	<p>Discussion item</p>	<p>Opportunity to place items on future agendas</p> <p>Public comments:</p>
<input type="checkbox"/> 10092008RB-06	<p>Discussion item</p>	<p>Opportunity for the public to comment on any matters within the Board's jurisdiction</p> <p>Public comments:</p>

Adjourn

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R A T E S A N D B E N E F I T S C O M M I T T E E

Minutes

Special Meeting

Thursday, October 9, 2008

2:00 P.M.

DOCUMENTS DEPT.

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: Preliminary self-funded and insured plan rates

- Call to order
- Roll call Committee Chair Claire Zvanski
Committee Member Karen Breslin
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd, excused
Committee Member Scott Heldfond, Board President
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D., excused

This meeting began at 2:43 p.m.

- 10092008RB-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special Meeting of September 11, 2008Staff recommendation: approve minutes.
Documents provided to Board prior to meeting:
Draft minutes.
Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the special meeting minutes of September 11, 2008.

Motion passed 5-0.

□ 10092008RB-02

Discussion item

Preliminary self-funded plan rates (Mercer Team)

- City Health Plan
- Active Delta Dental

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Jim Dell, Mercer Team, presented a preliminary review of the self-funded plan rates. He reported the following:
- The City Plan claims for plan year 2007-2008 were very close to the anticipated premium equivalent rates. The claims for active employees were higher than expected while the retiree claims were lower than the projections.
- Pharmacy costs continue to be high; however, the trend is consistent with the range of generally observed pharmacy trends.
- Based on the most recent year, large claims over \$100,000 were approximately one-third of the overall cost of the City Plan.
- Recent large claims in the employee group included four or five claims exceeding \$500,000.
- The City Health Plan's premium rates for plan year 2009-2010 consist of the following four components:
 - estimated incurred claims cost for plan year 2009-2010;
 - estimated cost of administering claims;
 - estimated change in the contingency margin;
 - revenue excess or shortfall from prior plan years ("claims stabilization amount")-\$1M overall rate reduction for 2009-2010 (to be distributed among various groups and tiers).

- The City Health Plan's preliminary 2009-2010 premium equivalent rate increases for medical, pharmacy and plan administration is as follows (includes stabilization amount):
 - Employee only: 12.3%
 - Employee +1: 12.4%
 - Employee +2: 12.4%
 - Retiree without Medicare: -2.7%
 - Retiree without Medicare + 1: -2.9%
 - Retiree with Medicare: 2.7%
 - Retiree with Medicare +1: 3.4%
- Recommended premium equivalent amounts will be presented by HSS and Mercer at the December Rates and Benefits Committee meeting.
- In the employee dental plan, the overall claims were in line with expectations incorporated into the 2007-2008 rates.
- The majority of HSS membership is in the self-funded dental plan through Delta Dental. The other two fully-insured plans are DeltaCare and Pacific Union Dental. As of July 2008, there was a small amount of movement from Pacific Union Dental to DeltaCare.
- In plan year 2007-2008, costs exceeded revenue by \$100,000, which will be incorporated into the 2009-2010 employer contribution.
- The proposed employer contribution to the employee dental plan is as follows:
 - 2008-2009 employer contribution: \$106.97 per employee per month;
 - 2009-2010 expected cost: \$116.27 per employee per month;
 - Application of \$100,000 (2007-2008 plan year shortfall or "stabilization amount"): \$0.28 per employee per month;
 - Proposed 2009-2010 City contribution: \$116.55 per employee per month.

Public comments: None.

<input type="checkbox"/> 10092008RB-03	Discussion item	<p>High-level overview of HMO plan renewals (Mercer Team)</p> <p>Documents provided to Board prior to meeting: Report prepared by Mercer.</p> <ul style="list-style-type: none">▪ Rhys Evans, Mercer Team, presented a preliminary high-level summary of the renewal proposals received from the HMOs. He reported the following:<ul style="list-style-type: none">▪ Mercer requested that the HMOs provide status quo renewal proposals and supporting information (i.e., no benefit changes).▪ Blue Shield and PacifiCare were asked to provide a consolidated proposal combining both memberships into one IPA Model HMO for plan year 2009-2010.▪ Mercer is currently reviewing the proposals submitted and will follow up with each HMO in mid-October.▪ Based on the preliminary proposals, the aggregate estimates are as follows:<ul style="list-style-type: none">○ Blue Shield: \$237.5M or 13.2% increase for active employees and non-Medicare retirees and an 8.0% increase for Medicare retirees. A Medicare Advantage plan has been incorporated into Blue Shield's proposal.○ Kaiser: \$230.2M or 5.5% increase for active employees and non-Medicare retirees and 0.0% increase for Medicare retirees;○ PacifiCare: \$76.7M or 65.1% increase for active employees and non-Medicare retirees and a 7.7% increase for Medicare retirees.○ The total increase for all of the HMO proposals is approximately \$64M over the current plan year or 13.5%.▪ The proposed consolidated quotes for Blue Shield and PacifiCare are as follows:<ul style="list-style-type: none">○ Blue Shield - \$291.6M○ PacifiCare - \$322.7M
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- A detailed analysis of the proposals will be completed by HSS and Mercer this month. The results, complete with recommendations, will be presented at the November Rates and Benefits Committee meeting.

Public comments: None.

10092008RB-04

Discussion item

Overview of next Rates and Benefits Committee meeting (Committee Chair Zvanski)

Next committee meeting: November 13, 2008

Documents provided to Board prior to meeting:
Revised Rates and Benefits meeting schedule

- Committee Chair Zvanski noted that there will be serious and significant challenges this year in setting affordable rates and benefits and a viable and affordable Plan 1. She commended the HMOs in meeting deadlines and working with the Mercer Team. She also thanked HSS Director, Bart Duncan, and staff for their hard work.
- Bart Duncan also thanked the vendors for their cooperation with the Mercer Team. He stated that recommendations and a preliminary forecast of the 10-County amount will be presented at the next Board meeting.

Public comments: None.

10092008RB-05

Discussion item

Opportunity to place items on future agendas

Public comments: None.

10092008RB-06

Discussion item

Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

Adjourn: 3:31 p.m.

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Notice and Agenda

Special Meeting

Thursday, November 13, 2008

11-06-08A10:55 RCVD

2:00 P.M.

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Focus: HMO plan rates and benefits

- Call to order
- Roll call
 - Committee Chair Claire Zvanski
 - Committee Member Karen Breslin
 - Committee Member James Deignan
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond, Board President
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
- 11132008RB-01 Action item
 - Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special Meeting of October 9, 2008
 - Staff recommendation: approve minutes.
 - Documents provided to Board prior to meeting:
 - Draft minutes.
 - Public comments:
 - Action:

- 11132008RB-02 Discussion item Preliminary forecast of 10-County amount (Robin Courtney)
Documents provided to Board prior to meeting: None.
Public comments:
- 11132008RB-03 Discussion item Detailed overview of proposed HMO rates, plan changes and projected contributions (Mercer Team)
Documents provided to Board prior to meeting: Report prepared by Mercer.
Public comments:
- 11132008RB-04 Discussion item Overview of next Rates and Benefits Committee meeting (Committee Chair Zvanski)
Next committee meeting: December 11, 2008
Documents provided to Board prior to meeting: None.
Public comments:
- 11132008RB-05 Discussion item Opportunity to place items on future agendas
Public comments:
- 11132008RB-06 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments:

Adjourn

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street + Suite 200 + San Francisco, CA 94103

R A T E S A N D B E N E F I T S C O M M I T T E E

Minutes

Special Meeting

Thursday, November 13, 2008

2:00 P.M.

GOVERNMENT
DOCUMENTS DEPT

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: HMO plan rates and benefits

- Call to order
- Roll call
 - Committee Chair Claire Zvanski
 - Committee Member Karen Breslin
 - Committee Member James Deignan
 - Committee Member, Sup. Sean Elsbernd, excused
 - Committee Member Scott Heldfond, Board President
 - Committee Member Sharon Johnson, excused
 - Committee Member Mitch Katz, M.D., excused

This meeting began at 2:05 p.m.

- 11132008RB-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special Meeting of October 9, 2008

Staff recommendation: approve minutes.

Documents provided to Board prior to meeting:
Draft minutes.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the special meeting minutes of October 9, 2008.

Motion passed 4-0.

11132008RB-02

Discussion item

Preliminary forecast of 10-County amount (Robin Courtney)

Documents provided to Board prior to meeting:
None.

- Robin Courtney, Vendor Contracts and Performance Manager reported the following:
- Results from San Diego and Orange Counties are still pending;
- Fresno is the only county that made plan changes. A new high deductible PPO plan was added in contrast to last year where approximately 63% of the 10 counties eliminated and/or added one or more plans;
- The 10-County amount for 2009-2010 is anticipated to increase approximately 6%, pending the outstanding results from San Diego and Orange Counties. The 2008-2009 10-County increase was 3.9%;
- Bart Duncan, HSS Director, noted that the 10-County amount will be finalized in January, pursuant to the Charter.

Public comments: None.

11132008RB-03

Discussion item

Detailed overview of proposed HMO rates, plan changes and projected contributions (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Rhys Evans, Mercer, reported the following overview of status quo HMO renewal proposals:
- Blue Shield's renewal proposal for the non-Medicare group is a 13.2% increase
- Blue Shield's COB plan renewal proposal is an 8.0% increase
 - Members will have a choice between the COB and MA-PD plan
 - Sutter Medical groups are not included in the MA-PD plan

- Kaiser's renewal proposal for the non-Medicare group is a 5.5% increase.
- Kaiser's Senior Advantage is a 0.0% increase.
- PacifiCare's renewal proposal for the non-Medicare group is a 65.1% increase ("premium catch up" due to significant underestimation of prior years' target rates).
- PacifiCare's Secure Horizons' proposal is a 7.7% increase.
- Consolidated proposals:
- Blue Shield and PacifiCare provided a consolidation proposal combining both their enrollments into one plan for plan year 2009-2010.
- For informational purposes, a consolidated proposal combining the memberships of Kaiser, Blue Shield and PacifiCare was provided by Blue Shield and PacifiCare.
- Blue Shield's proposal included an additional business concession factor that helped mitigate some of the required rate increase.
- For Medicare plans, the consolidation proposals were unchanged for Blue Shield and reduced for PacifiCare from those presented under status quo
 - Both vendors presented MA-PD proposals whereby the majority of any membership residing outside of the respective service areas would be covered by an alternate plan at the same cost as the MA-PD plan
- Blue Shield's consolidated quote for its combined membership with PacifiCare is \$295.9M (14.0% increase).
- Blue Shield's consolidated quote for its combined membership with PacifiCare and Kaiser is \$526.M (9.4% increase).
- PacifiCare's consolidated quote for its combined membership with Blue Shield is \$310.3M (19.5% increase).

- PacifiCare's consolidated quote for its combined membership with Blue Shield and Kaiser is \$540.5M (12.4% increase).
- The preliminary distribution of HMO cost increases (status quo) are as follows:
 - Total HMO cost (Blue Shield, Kaiser, PacifiCare): \$550.1M (13.5% increase)
 - Employers' cost: \$469.1M (9.2% increase)
 - Members' cost: \$ 81.0M (48.6% increase)
 - Percentage of member contribution to total rated cost: 14.7% (30.1% increase)
- HSS and Mercer recommend the following to the Board:
 - Accept Kaiser's renewal proposal:
 - 5.5% premium increase for the employee and non-Medicare retiree groups
 - 0.0% premium increase for the Medicare retiree group
 - Continue to focus on solutions that will enable delivery of the required Dashboard data
- Close out the Flex-Funded plan for 2009-2010 plan year (PacifiCare):
 - The impact of a 65.1% renewal on the flex-funded plan plus spreading the shortfall of \$7.8M over three years creates a very difficult renewal request
 - If the flex-funded plan were to continue for the 2009-2010 plan year, one-third of the \$7.8M overrun would be added to the 2009-2010 renewal premiums (spread out over three years)
 - Since the funding policy was not designed to deal with a terminated plan, Mercer and HSS developed a proposal to mitigate the closeout liability to be recouped, which is currently estimated at \$5.9M.

- The recommended approach to remove the closeout liability is to introduce a two-year amortization of the amount over all continuing plans:
- \$2.9M would be collected over the 2009-2010 plan year; a further \$2.9M is expected to be collected over the 2010-2011 plan year.
- Each plan would be allocated a proportion of the closeout liability based on its anticipated aggregate premium cost over the year of amortization.
- The 2009-2010 premium rates are increased by a uniform 0.5% load across all categories of membership. The impact on member contributions will not be uniform.
- Accept Blue Shield's consolidation bid for plan year 2009-2010 (status quo plan design), which would make Kaiser and Blue Shield the HMO options for non-City Health Plan plans:
 - Representing a 15.9% and 7.3% increase for current Blue Shield and PacifiCare employees and non-Medicare retiree groups, respectively
 - Representing an 8.0% and 7.4% increase for the current Blue Shield and PacifiCare Medicare retiree groups, respectively
- Alternative benefit proposals:
- Update the office visit benefit for the non-Kaiser HMO by increasing office visit copays from \$10 to \$15 per visit.
- Update the pharmacy benefits for the non-Kaiser HMO to the following:
 - Current retail: \$5/\$15/\$25
 - Recommended design: \$5/\$20/\$35
 - Current mail order: \$10/\$30/\$50
 - Recommended design: \$10/\$40/\$70

- Bart Duncan thanked the Mercer team for their excellent work and the vendors for their cooperation and hard work on the proposals.
- Committee Chair Zvanski stated that early in the process, the Committee took the position of making no plan design changes this year; however, in light of the information presented, she recommended considering the consolidation plan (Blue Shield) and the financial impact if PacifiCare remained a plan option.
- Chair Zvanski also mentioned Commissioner Katz's request for information from the vendors regarding smoking cessation benefits offered by each health plan, which was presented at the Regular Board meeting. She asked the HMOs (excluding Kaiser) to make a presentation to the Board.
- Mr. Duncan stated that HSS will follow up with the plans for information on their smoking cessation programs.

Public comments: Herbert Weiner, retired City employee, stated that the proposed copayment increases are too high for retirees and expressed concern regarding the effect of the proposed consolidation on retirees, including discontinued access to the Sutter Medical groups. He asked the Board to carefully consider their decision.

Sandra Mack, retired teacher, asked for clarification of the proposed consolidated plan.

Bart Duncan responded that the consolidation involves eliminating one of the IPA model plans—either Blue Shield or PacifiCare—and replace it with one non-Kaiser vendor. There will be no change for Kaiser members.

Gerry Meister, UESF Retired Division, asked for clarification of the proposed increase in pharmacy design; specifically, the large increase in the mail order rates.

Chair Zvanski explained that the formula for the mail order co-pay works out to be a 60-day co-pay amount for a 90-day supply.

Commissioner Breslin expressed concern regarding Blue Shield's Medicare Advantage plan which will eliminate access to certain hospitals.

Mr. Duncan stressed the importance of clear communication with members to avoid confusion regarding their access to particular medical facilities. This year's proposal does not require anyone to join the plan, so members will have a choice.

<input type="checkbox"/> 11132008RB-04	Discussion item	Overview of next Rates and Benefits Committee meeting (Committee Chair Zvanski) Next committee meeting: December 11, 2008 Documents provided to Board prior to meeting: None.
		<ul style="list-style-type: none">▪ Committee Chair Zvanski encouraged everyone to review the significant amount of information presented and expressed concern regarding the proposed consolidation and Blue Shield's Medicare Advantage plan, and the expense of keeping the flex-funded plan. She noted that decisions will need to be made at the next meeting because the rates will be set in January. She thanked the Mercer team, HSS staff and the vendors for their hard work.
		Public comments: None.
<input type="checkbox"/> 11132008RB-05	Discussion item	Opportunity to place items on future agendas Public comments: None.
<input type="checkbox"/> 11132008RB-06	Discussion item	Opportunity for the public to comment on any matters within the Board's jurisdiction Public comments: Herbert Weiner, retiree, asked if the recommendations presented at today's meeting could be sent to all HSS members. Commissioner Heldfond responded that all of the minutes are accessible online at the myhss.org website.

Adjourn: 3:41 p.m.

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

R A T E S A N D B E N E F I T S C O M M I T T E E

Notice and Agenda

Special Meeting

Thursday, December 11, 2008

1:45 P.M.

12112008RB-01 (2-8-08)

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City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: Determination of Final Premium Rates and Plan Design for Medical and
Dental Plans

- Call to order
- Roll call
 - Committee Chair Claire Zvanski
 - Committee Member Karen Breslin
 - Committee Member James Deignan
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond, Board President
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D.
- 12112008RB-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special Meeting of November 11, 2008Staff recommendation: approve minutes.
Documents provided to Board prior to meeting:
Draft minutes
Public comments:
Action:

<input type="checkbox"/> 12112008RB-02	<input type="checkbox"/> 12112008RB-03	<input type="checkbox"/> 12112008RB-04	<p>Action item</p> <p>Action item</p> <p>Action item</p> <p>Report on 10-County Survey results for Fiscal Year 2008-2009 and approval of such results, subject to final approval by Health Service Board (Robin Courtney)</p> <p>Documents provided to Board prior to meeting: Report on final 10-County Survey results</p> <p>Public comments:</p> <p>Action:</p> <p>Determination of final Delta Dental Plan (PPO) rates and benefits for active City and County employees for Plan Year 2009-2010, subject to final approval by Health Service Board (Mercer Team)</p> <p>Documents provided to Board prior to meeting: Report prepared by Mercer</p> <p>Public comments:</p> <p>Action:</p> <p>Determination of final HMO rates and benefits for active and retired HSS members for Plan Year 2009-2010, subject to final approval by Health Service Board, including whether:</p> <ol style="list-style-type: none">1. to renew the Kaiser fully-insured HMO; and2. to renew the UnitedHealthcare/PaciFiCare flex-funded HMO; and3. to renew the Blue Shield of California fully-insured HMO; or4. to not renew the UnitedHealthcare/PaciFiCare flex-funded HMO and instead, accept the Blue Shield of California fully-insured plan as a replacement HMO for the UnitedHealthcare/PaciFiCare flex-funded plan and set a default medical plan for the current UnitedHealthcare/PaciFiCare enrollees who do not make an active election during the April 2009 Open Enrollment period; and5. to take any other action to facilitate or implement the above decisions, including increasing member pharmacy and non-Kaiser HMO co-payments. (Mercer Team) <p>Documents provided to Board prior to meeting: Report prepared by Mercer.</p> <p>Public comments:</p> <p>Action:</p>
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- 12112008RB-05 Action item Determination of final City Health Plan (PPO) rates and benefits for active and retired HSS members, including possibly increasing member pharmacy copayments, for Plan Year 2009-2010, subject to final approval by Health Service Board (Mercer Team)
Documents provided to Board prior to meeting:
Report prepared by Mercer.
Public comments:
Action:
- 12112008RB-06 Discussion item Overview of next Rates and Benefits Committee meeting (Committee Chair Zvanski)
Next committee meeting: January 8, 2008, 1:00 p.m.
Documents provided to Board prior to meeting:
None.
Public comments:
- 12112008RB-07 Discussion item Opportunity to place items on future agendas
Public comments:
- 12112008RB-08 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments:

Adjourn

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HEALTH SERVICE BOARD

1145 Market Street + Suite 200 + San Francisco, CA 94103

R A T E S A N D B E N E F I T S C O M M I T T E E

Minutes

Special Meeting

Thursday, December 11, 2008

1:45 P.M.

GOVERNMENT
DOCUMENTS DEPT

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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Focus: Determination of Final Premium Rates and Plan Design for Medical and Dental Plans

- Call to order
- Roll call
 - Committee Chair Claire Zvanski
 - Committee Member Karen Breslin
 - Committee Member James Deignan
 - Committee Member, Sup. Sean Elsbernd
 - Committee Member Scott Heldfond, Board President
 - Committee Member Sharon Johnson
 - Committee Member Mitch Katz, M.D., excused

This meeting began at 3:10 p.m.

- 12112008RB-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Special Meeting of November 13, 2008Staff recommendation: Approve minutes.
Documents provided to Board prior to meeting:
Draft minutes.
Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the special meeting minutes of December 11, 2008.

Motion passed 6-0.

<input type="checkbox"/> 12112008RB-02	<p>Action item</p> <p>Report on 10-County Survey results for Fiscal Year 2008-2009 and approval of such results, subject to final approval by Health Service Board (Robin Courtney)</p> <p>Documents provided to Board prior to meeting: Report on final 10-County Survey results.</p> <ul style="list-style-type: none">▪ Robin Courtney, Vendor Contracts and Performance Manager, reported the following regarding the 10-County Survey results for fiscal year 2008-2009:▪ San Diego and Orange Counties switched places in ranking this year (which is based on population).▪ The average increase in employer contributions is 7.3% over the current amount or \$449.37 per employee per month.▪ Plan offerings remain unchanged for all of the 10 counties, except Fresno, which added one new high deductible PPO. <p>Public comments: Sandra Mack, retired teacher, asked for clarification of the 10-County Survey results on employee contributions.</p> <p>Committee Chair Zvanski explained that the 10-County Survey represents the employer's contribution to employee healthcare, and is not the employee's contribution.</p> <p>Action: Motion was moved and seconded by the Committee to approve the 10-County Survey results for fiscal year 2008-2009, subject to final approval by the Health Service Board.</p> <p>Motion passed 6-0.</p>
<input type="checkbox"/> 12112008RB-03	<p>Action item</p> <p>Determination of final Delta Dental Plan (PPO) rates and benefits for active City and County employees for Plan Year 2009-2010, subject to final approval by Health Service Board (Mercer Team)</p> <p>Documents provided to Board prior to meeting: Report prepared by Mercer.</p>

- Jim Dell, Mercer Team, presented the following recommendations for Delta Dental's plan rates and benefits for plan year 2009-2010 for active City and County employees:
 - No plan design changes for 2009-2010.
 - 2009-2010 employer contribution: \$116.55 per employee per month (which includes the application of the 2007-2008 plan year short fall or "stabilization amount" of \$0.28 per employee per month).
 - The overall employer contribution increased by 9.0% from 2008-2009 to 2009-2010.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve Delta Dental's plan rates and benefits for active City and County employees as presented for Plan Year 2009-2010, subject to final approval by Health Service Board.

Motion passed 6-0.

- 12112008RB-04 Action item Determination of final HMO rates and benefits for active and retired HSS members for Plan Year 2009-2010, subject to final approval by Health Service Board, including whether:
 1. to renew the Kaiser fully-insured HMO; and
 2. to renew the UnitedHealthcare/PaciFiCare flex-funded HMO; and
 3. to renew the Blue Shield of California fully-insured HMO; or
 4. to not renew the UnitedHealthcare/PaciFiCare flex-funded HMO and instead, accept the Blue Shield of California fully-insured plan as a replacement HMO for the UnitedHealthcare/PaciFiCare flex-funded plan and set a default medical plan for the current UnitedHealthcare/PaciFiCare enrollees who do not make an active election during the April 2009 Open Enrollment period; and
 5. to take any other action to facilitate or implement the above decisions, including increasing member pharmacy and non-Kaiser HMO co-payments. (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Rhys Evans, Mercer Team, presented the following recommendations for the final HMO rates and benefits for active and retired HSS members for plan year 2009-2010, subject to final approval by the Health Service Board:
 - Accept Kaiser's renewal proposal:
 - 5.5% premium increase for the employee and non-Medicare retiree groups
 - 0.0% premium increase for the Medicare retiree group
 - Close out flex-funded plan (PacificCare)
 - The close out liability to be recouped is currently estimated at \$5.9M.
 - The recommended approach to remove the close out liability is to introduce a two-year amortization of the amount spread over all continuing plans:
 - \$2.95M would be collected over the 2009-2010 plan year. A further \$2.95M is expected to be collected over the 2010-2011 plan year.
 - A proportion of the close out liability would be allocated to each plan based on the anticipated aggregate premium cost over the year of amortization.
 - Accept Blue Shield's consolidation bid:
 - A 15.9% and 7.3% increase for current Blue Shield and PacificCare employees and non-Medicare retiree groups (an average of 14.4%, respectively);
 - An 8.0% and 7.4% increase for the current Blue Shield and PacificCare Medicare retiree groups (an average of 7.8%, respectively).
 - California Pacific Medical Center is included in Blue Shield's Medicare Advantage Plan for 2009-2010.
 - The overall HMO renewal increase for the Blue Shield consolidation plan and Kaiser's (status quo) premium costs is estimated at 9.7%.

- Alternative benefit proposals:
- Increase non-Kaiser HMO office co-pay fees from \$10 to \$15 per visit.
- Update the pharmacy benefits for the non-Kaiser HMO as follows:
 - Current retail design: \$5/\$15/\$25
 - Recommended design: \$5/\$20/\$35
 - Current mail order: \$10/\$30/\$50
 - Recommended design: \$10/\$40/\$70

Public comments: Herbert Weiner, retired City employee, asked for verification of member access to California Pacific Medical Center should the Board approve Blue Shield's consolidation plan.

Chair Zvanski confirmed that member access to California Pacific Medical Center will continue under Blue Shield's consolidation plan (which includes a Medicare Advantage Plan), as previously reported by Mr. Evans.

Larry Barcetti, Veterans' Police Officer Association, asked that expanded categories be added to include family rates for non-Medicare retirees instead of only the single retiree or retiree with spouse, since many police officers retire earlier than the age required for Medicare coverage and also have families covered under their benefits.

John Vanucci, retired police officer, also added that police do not contribute to Medicare and asked that the family rate be added to the non-Medicare rates.

Chair Zvanski asked whether non-Medicare family rates could be determined for the police and sheriff departments.

Bart Duncan, HSS Director, responded that typical high-level examples for non-Medicare family rates for eligible retirees can be presented; however, those rates cannot be broken down by bargaining units.

Richard Rothman, SEIU representative, expressed confusion regarding the proposed mail order rates.

Chair Zvanski explained that the mail order design is a 90-day supply for a 60-day co-payment.

Herbert Weiner expressed concern regarding the increased co-payments for office visits because of the financial impact on members with serious illnesses who may need frequent doctor visits.

Ray Mason, retired City employee, suggested that the pharmacy benefits remain unchanged and that the monthly premium amounts be increased instead because of the financial burden on retired members taking several medications.

Sandra Mack, retired teacher, suggested that the premium rates be kept as low as possible, since those rates affect a broader range of the membership, and encouraged the Board to approve the alternative pharmacy proposal.

Supervisor Elsbernd stated that he opposed selecting the City Health Plan as the default plan for PacifiCare members who do not make a selection for a replacement health plan. He stated that those members should be placed in another HMO because the HMO option was their original choice.

Richard Rothman, SEIU representative, concurred that the default plan for PacifiCare members should be another HMO.

Action: Motion was moved and seconded by the Committee to close out the flex-funded plan and introduce a two-year amortization of the close out liability amount to be spread over all continuing plans.

Motion passed 6-0.

Action: Motion was moved and seconded by the Committee to renew the Kaiser fully-insured HMO with no benefit changes.

Motion passed 6-0.

Action: Motion was moved and seconded by the Committee to accept the alternative benefit proposals to (1) increase non-Kaiser HMO office copayments from \$10 to \$15 per visit, and (2) to update the non-Kaiser HMO pharmacy benefits to \$5/\$20/\$35 and the mail order pharmacy benefits to \$10/\$40/\$70.

Motion passed 6-0.

Action: Motion was moved and seconded by the Committee to accept Blue Shield's consolidated plan rates as the replacement HMO plan for the UnitedHealthcare/PacifiCare flex-funded plan (slide 18 of the Mercer report—office visit and pharmacy co-pay benefit changes).

Motion passed 6-0.

Action: Motion was moved and seconded by the Committee to set the City Health Plan as the default medical plan for the current UnitedHealthcare/PacifiCare enrollees who do not make an active election during the April 2009 open enrollment period.

Motion passed 4-2. Commissioners Zvanski, Breslin, Johnson and Deignan voted in favor of the motion. Commissioners Heldfond and Elsbernd opposed the motion.

□ 12112008RB-05 Action item

Determination of final City Health Plan (PPO) rates and benefits for active and retired HSS members, including possibly increasing member pharmacy co-payments, for Plan Year 2009-2010, subject to final approval by Health Service Board (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Jim Dell, Mercer Team, presented the following proposal for the City Health Plan:
- Update the pharmacy benefits to match the non-Kaiser HMO pharmacy co-pay rates approved by the Committee:
 - Current retail design: \$5/\$15/\$25
 - Recommended design: \$5/\$20/\$35
 - Current mail order: \$10/\$30/\$50
 - Recommended design: \$10/\$40/\$70
- The City Health Plan's 2009-2010 premium equivalent rate increases for medical, pharmacy and plan administration is as follows (includes stabilization amount and alternative pharmacy benefit design):
 - Employee only: 9.5%
 - Employee +1: 9.2%
 - Employee +2: 9.1%
 - Retiree without Medicare: -2.3%
 - Retiree without Medicare + 1: -2.8%
 - Retiree with Medicare: 2.8%
 - Retiree with Medicare +1: 1.6%

Public comments: Sandra Mack suggested that the Committee still had time to change its mind regarding selecting the City Health Plan as the default plan, if some members are reconsidering their vote.

Supervisor Elsbernd responded that Erik Rapoport, Deputy City Attorney, informed him that when the Health Net HMO was eliminated, HSS staff accommodated those members by allowing them to be moved out of the default City Health Plan and into their HMO choice when they requested the change.

Action: Motion was moved and seconded by the Committee to adopt the alternative pharmacy benefit design as presented on slide 9 of the Mercer report and, subsequently, adopt the rates as proposed on slide 14 of Mercer report for the City Health Plan renewal.

Motion passed 6-0.

<input type="checkbox"/> 12112008RB-06	Discussion item	Overview of next Rates and Benefits Committee meeting (Committee Chair Zvanski)
		Next committee meeting: January 8, 2008, 1:00 p.m.
		Documents provided to Board prior to meeting: None.
		<ul style="list-style-type: none">Chair Zvanski reported that all of the actions voted on at today's meeting have concluded the Committee's business and will be presented to and voted on by the full Health Service Board. Therefore, this is the last Rates and Benefits Committee meeting. Any concerns or reconsiderations will be discussed at the full Board meeting on January 8, 2009.
		Public comments: None.
<input type="checkbox"/> 12112008RB-07	Discussion item	Opportunity to place items on future agendas
		Public comments: None.

<input type="checkbox"/> 12112008RB-08	<p>Discussion item</p>	<p>Opportunity for the public to comment on any matters within the Board's jurisdiction</p> <ul style="list-style-type: none">▪ Chair Zvanski thanked the Mercer team and HSS staff for their hard work. She also wished everyone a very happy Holiday Season and New Year.▪ Bart Duncan congratulated Chair Zvanski and the Health Service Board on a terrific rates and benefits process that will help to facilitate a successful open enrollment. He also thanked the Mercer team for their good work and the vendors for their cooperation.
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Public comments: Henne Kelly, retired teacher, asked the Committee to reconsider its selection of the City Health Plan as the default plan instead of an HMO.

Adjourn: 4:09 p.m.

Summary of Health Service System Rules Regarding Public Comment

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call the Administrative Services Manager, Laini K. Scott for further assistance at (415) 554-1727.

Health Service Board and the Health Service System Web Site: <http://www.myhss.org>

Disability Access

The meeting will be held at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Administrative Services Manager, Laini K. Scott, at (415) 554-1727 or by email at laini.scott@sfgov.org at least 72 hours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Knowing Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94103-4689; by phone at (415) 554-7724; by fax at (415) 554-7854; or by email at soft@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code § 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; web site www.sfgov.org/ethics.

Summary of Health Service Board Rules Regarding Cell Phones and Pagers

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.

If any materials related to an item on this agenda have been distributed to the Health Service Board after distribution of the agenda packet, those materials are available for public inspection at the Health Service System during normal office hours. For more information, please contact Laini K. Scott at (415) 554-1727 or email at laini.scott@sfgov.org.

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